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## NEWS SUMMARY

### GENERAL

#### Nott to urge D5 Trident purchase

Defence Secretary John Nott has announced that Britain will not urge the Trident D5 missile, bigger and more costly than the earlier C4, is designed—with submarines—to replace the Polaris system in the 1990s. Back Page

#### Plumb victory

Tory Euro-MPs toppled their leader Sir James Scott-Hopkins and elected Sir Henry Plumb, former president of the National Farmers Union. Page 8

#### Return to Siberia

Lydia Vaschenko, a Pentecostal who staged a month's hunger strike at the U.S. embassy in Moscow, left hospital and said she plans to return to Siberia.

#### Walesa meeting

Roman Catholic Church representatives met to meet detained Polish Solidarity leaders Lech Walesa and Jan Kulaj "in the next few days."

#### Spain trial date

The trial of 32 officers and a civilian, for alleged involvement in last February's abortive coup in Spain, will start in Madrid a week today.

#### Warplane crashes

One died and two were hurt when a Vietnamese military transport aircraft with 13 on board crashed in Thailand after being intercepted by Thai fighters.

#### Nazi for retrial

A former Nazi and his secretary, freed after a West German court dismissed charges of complicity in murdering 9,000 Jews, will be retried on the same charges.

#### Chad talks plea

The Organisation of African Unity urged Chad to negotiate with rebels, and said it would withdraw its peacekeeping force by June 30. Page 30

#### Syria fighting

Hama, northern Syria, was sealed off after heavy fighting between anti-government forces and troops loyal to President Assad. Page 5

#### Timekeeper jailed

Timekeeper Paul Richmond, 25, was jailed for five years by St Albans Crown Court for obtaining property by deception and conspiring to defraud British Rail.

#### Coke ban altered

An Italian magistrate lifted a nationwide ban on canned Coca-Cola sales and said it applied only to Coke produced in a factory near Vecona on three specific days.

#### Brussels clashes

Sixteen policemen were hurt in Brussels when mounted police clashed with striking steelworkers in a violent demonstration. Page 2

#### Ulster shootings

Fifty-five civilians were killed in Northern Ireland shootings last year—more than in any year since 1977. Government statistics showed.

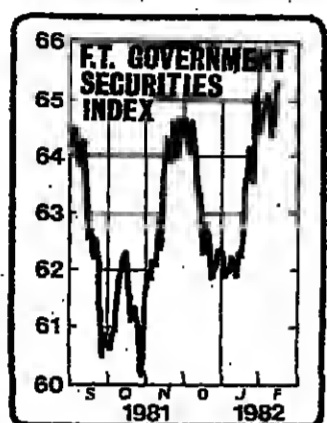
#### Briefly...

Actress Barbara Stanwyck, 76, received an honorary Oscar. A 1,100lb wartime German bomb was found in the centre of Shoreham Airport, Sussex. Army disposal experts were called.

### BUSINESS

#### Gilts add 0.66; equities easier

GILTS: longer-dated issues surged forward, although the short end of the market was held back by sales of the new tap. The Government Securities Index rose 0.66 to 65.34—the highest since July 3. Page 32



EQUITIES failed to benefit from Gilts' strength. The FT 30-share index eased 1.7 to 572. Page 32

WALL STREET was off 3.33 at \$33.33 near the close. Page 30

STERLING rose 20 points to \$1.8495, and to DM 4.38 (DM 4.375) and Ffr 11.105 (Ffr 11.095). It eased to SwFr 3.51 (SwFr 3.5175) and Y436 (Y436.5). Its trade-weighted index remained 91.6. Page 26

DOLLAR was unchanged at DM 2.366, but eased to Ffr 6.005 (Ffr 6.0075), SwFr 1.8975 (SwFr 1.9025) and Y235.75 (Y236.25). Its trade-weighted index was 112 (112.1). Page 26

GOLD fell \$1 to \$380.5 in London. In New York the Comex February close was \$377.65. Page 26

FRENCH Constitutional Council rejected a second Opposition appeal against the Nationalisation Bill. Back Page

EUROPEAN Investment Bank loans totalled 3.85bn Ecu (£2.3bn) last year, against 2.95bn Ecu in 1980. Page 3

MASSEY-FERGUSON will shed 725 jobs at its Coventry tractor plant. Page 6

J. C. BAMFORD, construction equipment maker, is expected to confirm today that it will stop using Leyland engines because of the Leyland Vehicles strike.

GENERAL MOTORS said \$206m (£111m) of the \$333m 1981 profit reported last week came from revaluation of its pension programme's investments.

BRITISH TELECOM made £140m profit in the half-year to end September, against a £19m loss. Page 6

BRITISH Shipbuilders looks likely to win a £25m cargo ship order from a Scandinavian owner. Page 4

SHELL OIL'S \$4.75bn (£2.57bn) investment in California's Belridge oilfield may yield 1bn barrels of oil and gas—34 per cent more than official estimates. Page 4

#### COMPANIES

IMPERIAL GROUP, tobacco, brewing and food manufacturing group, reported pre-tax profits down £20.5m to £106m for the year to October. Back Page and Lex

DOWTY GROUP, industrial holding company, announced pre-tax profits down from £19.05m to £15.7m in the half-year to end September. Page 20; Lex, Back Page

HOME CHARM, do-it-yourself chain, agreed to buy the Sankey Homecentre stores for £14m. Page 22

DEUTSCHE BP, W. German subsidiary of British Petroleum, reported a DM 258m (£59m) after-tax loss last year, against a profit of DM 13m. Page 28

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Treas 3pc 1985 .. 277 1/2 + 1	TSL Thermal Synd 97 + 10
Exchgr 15pc 97 .. 1102 1/2 + 1 1/2	Wolseley-Bughes .. 345 + 10
BICC .. 327 + 1 1/2	
Bass .. 223 + 7	
Bath & Portland .. 80 + 3	
British Aerospace 195 + 4	
Highams .. 65 + 4	
Howard Tenes .. 65 + 4	
Imperial Group .. 84 + 4 1/2	
Ladbroke .. 150 + 9	
Land Securities .. 301 + 4	
Lorbo .. 89 + 3	
Sainsbury (J.) .. 555 + 15	
Douglas (Robt M.) .. 78 - 7	
Dowty .. 118 - 8	
Grippers .. 120 - 10	
GNV .. 174 - 6	
ML Hides .. 270 - 10	
Saga Holidays .. 170 - 9	
Trident T.V.A. .. 83 - 4	
ERGO .. 287 - 14	
Gld Mrs Nalgorie .. 375 - 5	
Penskalen .. 320 - 10	
Venterspost .. 384 - 16	



Mr Tiny Rowland

## Lonrho backs Laker revival

BY ALAN FRIEDMAN AND MICHAEL DONNE

SIR FREDDIE LAKER and Mr Roland "Tiny" Rowland, chief executive of Lonrho, last night announced plans to start a new airline by April 1, subject to the approval of route licences by the Civil Aviation Authority.

The plans, however, seem unlikely to prevent the Laker receivers from dismaying more than 1,500 Laker staff today at Gatwick and elsewhere.

with five McDonnell Douglas DC-10s and a cash injection from us." The new airline would be compact: "I think it is best to have an efficient airline with a deep pocket, the numbers down." He dismissed reports that Atlantic Richfield, the U.S. oil group, would be involved in the package.

to put £15m to £20m into new airline. Mr Rowland and Sir Freddie are approaching the Export-Import Bank loan syndicate which provided \$238m (£125m) for the purchase in 1980 by Laker of five DC-10/30s to express their interest in taking over the five aircraft.

year moratorium on the repayment of principal. Both Mr Rowland and Sir Freddie made it clear last night that the "major stumbling block" facing the formation of the new airline was British Government approval through the authority of route licences for the North Atlantic.



Sir Freddie Laker

## EEC in new attack on U.S. budget plans

BY OUR FOREIGN AND ECONOMICS STAFF

BRITAIN AND West Germany yesterday led a fresh EEC onslaught on President Reagan's budget plans. Alarm is mounting on both sides of the Atlantic that planned high U.S. budget deficits are keeping world interest rates high and hindering economic recovery.

The EEC attacks came as Mr Paul Volcker, the chairman of the U.S. Federal Reserve Board, renewed his appeal to Congress to reduce the size of projected deficits.

In his strongest warning yet on the Administration's fiscal policies, he said the deficits represented a major hazard for financial markets and could sabotage U.S. economic recovery.

Geoffrey Howe, the Chancellor of the Exchequer, called for another concerted EEC effort to impress upon the Americans Europe's mounting concern over the U.S. deficits.

A separate appeal to Washington was made in Brussels by Mr Willy Claes, the Belgian Finance Minister, who holds the six-month rotating presidency of the EEC's finance council.

He said high U.S. interest rates were increasing the temptation for Europe to adopt protectionist policies.

Mr Volcker, speaking in the Senate Banking Committee, urged Congress to act quickly and boldly to bring the deficits down.

He called for a \$20bn cut in the projected \$83bn deficit in the 1984 budget as a solid sign to the financial markets that Congress was serious about reducing spending. Even keeping the deficit to \$83bn would be encouraging, Mr Volcker said, because deficits invariably exceed projections.

Decisive action on the budget could even bring down U.S. interest rates by 2 or 3 percentage points in the next 90 days, he said.

## S. Africa moves to restrict imports

By J. D. F. Jones in Johannesburg

SOUTH AFRICA yesterday imposed a surcharge on a range of imports and announced a rise in indirect taxes to combat the rapid deterioration of its balance of payments.

A 10 per cent surcharge takes immediate effect on many imports, and general sales tax will go up from 4 per cent to 5 per cent on March 1.

Mr Owen Horwood, Finance Minister, explained that the surcharge would exclude certain items under the General Agreement on Tariffs and Trade (GATT), such as all products, public sector imports and goods used for manufactured exports.

Mr Andre Hamersma, the chief economist of the Standard Bank group, estimated last night that the surcharge would directly affect 40 per cent of the country's imports.

## Youth work aid proves popular

FINANCIAL TIMES REPORTER

ABOUT 30,000 applications have been received for the "young workers" subsidy scheme which started on January 4. New applications are arriving at the rate of 4,000 a week.

The plan, sometimes known as the "Walters scheme" after the Prime Minister's personal economic adviser, Professor Alan Walters, provides for payments of up to £15 a week for young people in their first year of employment provided that gross earnings are below £40 a week.

For employees earning between £40 and £45, some £7.50 is payable. The subsidy is payable for a year. It is available for those already in employment as well as new recruits.

Another obstacle to employment-promoting wage adjustment is the "fair wage" resolution. These confine the award of public sector orders to contractors paying the accepted rate. They are also being re-examined, especially in relation to their effect on young people.

One obvious reform would be to withdraw young workers aged up to 18 or 21 from the scope of wages council minima. This would remove a contradiction between the two branches of present employment policy.

There is an obvious conflict between TUC objections to widening of wage differentials affecting young people and the Government's position. The latter is based on the notion of a "negatively sloping demand curve" connecting wages per worker to numbers employed, analogous to that connecting price and volume in product markets.

Professor Walters does not claim credit for the discovery of this curve, which has featured in economics textbooks for nearly a century, despite the controversy it still engenders.

Some less political objections are, however, based on misunderstandings. The official booklet, for instance, mentions that "the Secretary of State is under no obligation to make payments in any particular case." This is not intended to reduce the scope of the scheme, but is a standard form of words considered advisable for legal reasons.

\$ in New York		
	Feb. 10	previous
Spot	\$1,853.0-856.0	\$1,850.0-851.5
1 month	0.21-0.26 pm	0.21-0.26 pm
3 months	0.79-0.84 pm	0.74-0.79 pm
15 months	2.56-2.65 pm	2.45-2.56 pm

## Directors' Institute in Bank row

BY CHRISTINE MOIR

A CONSORTIUM of City and industry institutions, led by the Bank of England, launched a powerful drive yesterday to promote non-executive directors on company boards, and immediately ran into a verbal barrage from the Institute of Directors, which has been excluded from the consortium.

It will provide a "head-hunting" service for companies looking for non-executives, promote the concept of outsiders on company boards, and help train them in their roles.

The dispute is not just over demarcation lines. It has its roots in the increasingly fragile relationship between the Directors and the Confederation of British Industry, which has been one of the leaders of the new consortium.

## Cast group acts on ships cash

BY WILLIAM HALL AND ANDREW FISHER

MR FRANK NARBY'S Cast shipping group, which has run into financial difficulties in the midst of its \$430m expansion programme, is seeking to reschedule more than \$50m of payments on the nine new ships it will acquire in the next 18 months.

After several days of talks in London with Cast's shareholders, bankers and South Korean shipbuilders, Mr Narby and his team flew back to Switzerland last night and will hold a board meeting next week to decide what action should be taken.

Cast said that all its activities contributed a positive operational cash flow.

Last night's statement, which gave no financial details, said world economic conditions had sharply reduced the value of hulk-carrying ships designed for trading in the spot freight market. Half Euro-Canadian's activities are concentrated in this sector.

Cast's efforts to resolve its financial problems have been complicated by court actions by Bank of Montreal in London and Royal Bank of Canada and Canadian National Railways in Bermuda which resulted in orders restraining the group from transferring assets in related companies. Canadian National has an 18 per cent stake in Cast.

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## NEW HYSTER CHALLENGER XL

PROTEST OVER THREAT TO JOBS

Angry Belgian steelmen invade EEC headquarters

BY GILES MERRITT IN BRUSSELS

CARBINE-CARRYING riot troopers made a thin blue line across the entrance hall of the European Commission's Berlaymont building in Brussels yesterday as they tried to staunch the flood of angry and unruly Belgian steelworkers who had invaded the EEC's headquarters in protest at job losses.

streamers. The only casualty was an elderly doorman whose glasses were removed from his nose. The most menacing quality of the invasion was its incoherence. The steelworkers of Wallonia were massing to defend their jobs against the restructuring cuts still to hit many thousands of them, but their anger was undirected like that of a goaded bull in a ring.



Baton-wielding mounted police charge through Belgian steelworkers demonstrating yesterday outside the Parliament building in Brussels.

French told shorter work week should not reduce earnings

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has backed down over a key feature of its scheme for work-sharing in industry by recommending that workers' earnings should not suffer as a result of the switch to a 39-hour working week. Civil servants and public sector workers will continue to be paid as for a 40-hour week, M. Pierre Mauroy, the Prime Minister, revealed yesterday. He urged the private sector to follow suit.

Poland still hungry but no longer starving

BY XIAN SMILEY

DESPITE political upheaval and the continuing cash crisis, Poles are unlikely to starve, thanks largely to a massive inflow of emergency aid from the West. The International Committee of the Red Cross, in Geneva, still reckons that \$21m is needed over the next two months to protect the most vulnerable of Poland's 36m people.

Nevertheless, doctors in Poland have noticed a marked deterioration in child health and an increase in general malnutrition. They reckon that about a tenth of the population is in urgent need of outside aid. Much of the risk is caused simply by the queues in which the old, the sick and mothers with babies have to stand for hours, often in biting cold, just to buy a meagre ration of essential food. Babyfood is in particularly short supply.

is in spite of the fact that wages rose by some 27 per cent last year and existence of a complicated system of compensation for various categories of people which is intended to soften the impact of the price rises. A surprising irony of the food scarcity, however, is that even in the past year Poles have probably been eating more meat than any other country in East Europe and are still probably consuming more, for instance, than the Romanians.

Debt crisis deadline looms

By Peter Montagnon, Euromarkets Correspondent

ANOTHER KEY deadline in Poland's debt crisis comes on Monday when the country is due to complete payment to Western banks of interest overdue from 1981. Completion of the payments is a vital condition for the signature of an agreement with about 500 banks allowing repayment of \$2.4bn in debt maturing last year to be deferred until 1983.

More Dutch spending cuts urged

By Charles Batchelor in Amsterdam

THE DUTCH Government must make spending cuts of F1 45bn (\$894m) if it is to achieve its target of reducing its budget deficit to only 6.5 per cent of gross domestic product (GDP), according to the Central Economic Commission, which comprises officials from the Finance and Economics Ministries and the Central Planning Office. The commission's proposals will be taken into account when the government presents its budget amendments to parliament in March. The cuts are necessary because of lower-than-expected gas and tax revenues, higher social security payments and interest charges on the government debt.

Spain sets date for court martial over coup attempt

BY ROBERT GRAHAM IN MADRID

THE COURT MARTIAL of 32 officers and one civilian charged with involvement in the Spanish coup attempt last February 23 will be held almost on the anniversary of the event. The Ministry of Defence announced yesterday that the trial would begin in Madrid on February 19.

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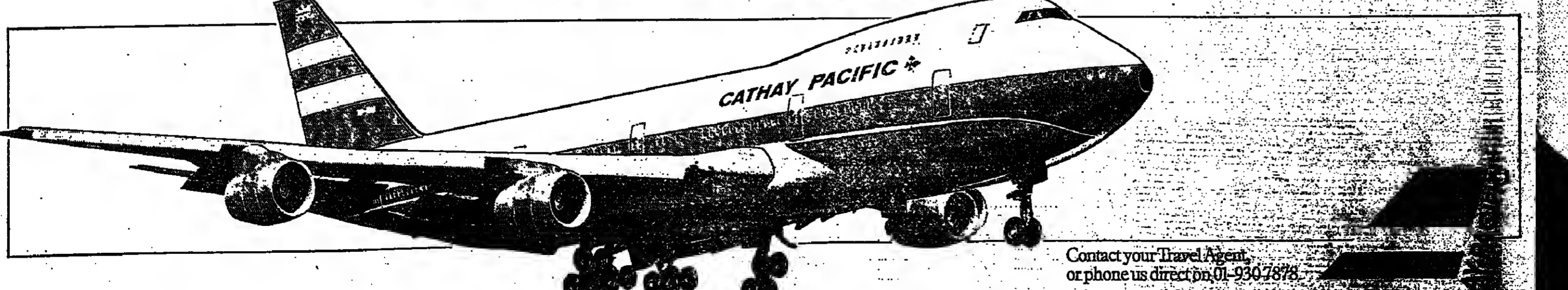
Catholic Relief Services, the Catholic emergency agency working mainly in the U.S., sent 2,650 tonnes in the last week of January and has raised around \$2.2m. At least 16 NGOs in Britain have sent help, totalling around 600 tonnes, since martial law, plus another \$350,000 in cash contributions to international charities. The total British contribution is around £1m. By far the most important recent aid development, however, was the decision by the EEC's Council of Ministers on January 28 to make available up to 35m European units of account (\$31.5m) for emergency grants to NGOs for use in Poland over the next year. Last year, the Polish Government bought EEC food (mainly beef, pork, grain and sugar) at a 15 per cent discount on market prices, worth ECU 85m. Now the EEC has decided to end what added up to a direct grant in the hope of ensuring that aid reaches the most deserving people.



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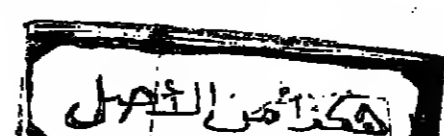
Advertisement for BACO Aluminium & Glass. The text asks 'Have you shares in Aluminium & Glass?' and features an illustration of a modern glass and aluminium building. Below the illustration is a form for requesting a 'free 1982 full colour Garden Buildings Catalogue'. The form includes fields for Name, Address, and Telephone. At the bottom of the advertisement is the logo for 'The Chalfont'.

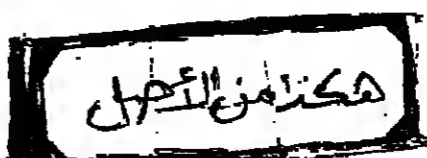
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### E. Berlin bid to quell peace movement

By Leslie Collet in East Berlin

EAST GERMANY has announced humanitarian concessions to its population which were promised at the summit meeting last December between Chancellor Helmut Schmidt of West Germany and President Erich Honecker. At the same time, the East German leadership has cracked down on the growing peace movement to demonstrate it will tolerate no outspoken opposition in the country.

State security officials interrogated for two days an East Berlin pastor who is one of the initiators of the East German peace movement. He was released yesterday after the intervention of the East German Protestant Church. Young East Berliners were taken into custody for wearing the emblem of the movement—a peace sign—distributed by the Church.

The pastor, Herr Rainer Eppelmann, is one of the authors of an appeal which has been gathering signatures in East Germany.

The "Berlin Appeal" calls for "non-intervention" in the internal affairs of both German states by the Western allies and the Soviet Union, as well as for an end to the militarisation of East German life.

Protestant Church members in Berlin said the pastor was arrested after a meeting of the ruling Politburo of the East German Communist Party which discussed the appeal and its publication in the West.

The homes of several organisers were searched and lists of signatures confiscated.

The East Berlin teenagers who were taken into custody were told to remove the peace emblem from their clothing or they would suffer consequences at school and work.

The East German authorities have announced, meanwhile, they were extending the number of family occasions at which East Germans can apply for permission to visit relatives in West Germany. Until now, visits were allowed for births, deaths, weddings and silver and gold wedding anniversaries. The list has been extended to include baptisms, confirmations, first communions, 60th, 70th, 75th and subsequent birthdays.

Last year, 37,000 East Germans under retirement age visited their West German relatives after applying for urgent family visits.

## EIB sees the rapid rise in its lending come to halt

BY GILES MERRITT IN BRUSSELS

THE RAPID year-on-year rises in the European Investment Bank's volume of loans, which have been such a marked feature since 1977, were abruptly arrested last year.

Revealing that its financing operations last year totalled 3,55bn European currency units (£2.3bn), the EEC's long-term development bank noted that the figure marked no real improvement on the 2,95bn Ecu lent during 1980 if account is taken of inflation. The 1980 level of EIB lending, however,

had been more than double that in 1977.

The bank yesterday pointed to tensions on the capital markets, high interest rates, deepening recession and budgetary difficulties in various member states as factors responsible for reduced investment and fewer requests for finance.

Of the 3,36bn Ecu lent to help finance industrial and infrastructural projects inside the Community, almost three-quarters was concentrated on

the four member states which the bank believes have the most difficult structural problems—Italy, Ireland, Greece and Britain.

But UK applications for EIB loans declined dramatically thanks to the impact of recession on industrial investment and reduced public sector demand. The bank's lending to Britain totalled £142.6m, against £417.5m the year before, while the £14m of loans to British industry were less than a fifth of 1980's operations.

The overall slow-down in the rhythm of the EIB's financial operations coincided with the doubling at the end of last year of the bank's subscribed capital to 14.4bn Ecu. With the bank's statutory lending limit of two-and-a-half times its capital and outstanding loans of 16.95bn Ecu, the increase lifted the limit from 18bn Ecu to 38bn Ecu.

EIB loans contribute on average about a quarter of the finance required for particular projects, so that the bank yesterday calculated that its opera-

tions last year contributed to new fixed investment in the Community worth some 11.7bn Ecu.

The two main targets of EIB financing were projects contributing towards employment and those aimed at energy conservation and diversification. In terms of jobs, the bank reckons that its 1981 operations will involve the creation or saving of 31,000 industrial jobs, while construction work on projects is put at an equivalent of 465,000 man-years of work.

On energy, the EIB says that

the projects supported should, when completed, replace 10.5m tonnes of imported oil yearly, bringing to 61m tonnes a year the total of oil saved by such projects since 1977.

Almost 500m Ecu was last year spent by the bank on projects outside the EEC; notably on development work in Spain and Portugal, the two candidate member states, and in 33 other countries in the Mediterranean region, Africa, the Caribbean and the Pacific that are signatories to the Lome Convention.

### Lisbon acts to head off strike violence

By Diana Smith in Lisbon

THE PORTUGUESE Government is putting 7,000 police on the streets today to prevent violence during the first national general strike in the country's history.

The strike has been called by the Communist-dominated CGTP-Inter trade union confederation, which claims that unions representing 2.5m workers (two thirds of the labour force) have answered the call.

The non-Communist UGT has condemned the strike as a political manoeuvre and refused to take part.

Essential services, apart from town gas in Lisbon, will be maintained as long as no breakdowns require repairs. As in the past, the Government has laid on private buses to compensate for stoppages by Lisbon public transport unions.

Last night the centre-right ruling coalition of Social Democrats, Christian Democrats and Monarchists held a mass rally in Lisbon as a show of strength on the eve of the strike.

Sig Francisco Pinto, Balsemão's administration, however unpopular because of heavy price rises, has earned approval this week for very tough stands on what it and the Socialist opposition regard as a play by the Moscow-tied Communists to topple the Government, and prevent liberalising reforms of the left-wing 1976 constitution.

The ageing Communist leader, Sr Alvaro Cunhal, clearly admitted these designs on nationwide TV earlier this week, when he accused the coalition and the Socialists of plotting a right-wing coup via constitutional reforms and demanded a stop to it.

Some see today's strike as a desperate move by a Communist party whose allegiance to Moscow has cost it the vote or active support of many left-wingers.

The national statistics institute announced yesterday that with imports totalling \$7.52bn and exports \$3.22bn, the visible trade gap widened to \$4.3bn between January and October last year.

In the same period in 1980, the trade deficit was \$2.8bn with imports of \$6.04bn and exports of \$3.25bn.

Rupert Cornwell, in Rome, assesses the performance of one of the EEC's weaker currencies

## EMS gives temperamental Italian lira soothing ride

"THESE PAST three years have proved everyone wrong," commented a leading Italian economist recently about his country's membership of the European Monetary System (EMS). "It has not provided the discipline required to solve all our economic problems, as the optimists believed—but then it has not been heavily deflationary as some of us feared."

His words reflect the comparatively peaceful ride which the lira has enjoyed in the EMS since its inception in March 1979, in contrast to the fierce political debate in Italy beforehand. In the closing stages of 1978, the parties of the Left and a sizeable chunk of the economic establishment had deep misgivings, arguing that an ill-considered entry into the EMS at a parity which could not be long sustained would be pointless and counter-productive.

In the event a compromise was reached. After assurances, and some cajoling, from Chancellor Helmut Schmidt of West Germany and President Valéry Giscard d'Estaing of France—whose joint brainchild the EMS was—Sig Giulio Andreotti, the then Prime Minister, took the plunge.

A skilful downward manipulation of the exchange rate in the months beforehand ensured a favourable initial parity. The protection afforded by a special 8 per cent fluctuation margin (against 2.25 per cent for the other participants) also helped give the lira a smooth start.

It was not until 1981 that the currency was devalued (twice) within the system. If a high domestic inflation rate means

### UK urged to join system

NOW THAT the EEC is poised to develop the European monetary system further, Britain must move off the sidelines and join it. Mr Christopher Tugendhat, vice-president of the European Commission, said last night, writes John Wyles, Delivering Esmeé Falcharm lecture at Lancaster University the Conservative MP warned that the British Government's constant plea that the time is not ripe for full EMS membership was losing credibility.

Acknowledging that caution was natural given the current state of both international monetary affairs and the British economy, the Commissioner claimed that sterling's absence from the EMS weak-

ened the system and was unhelpful to efforts to establish a common approach to third currencies.

Community finance ministers are due to discuss this and other possibilities for developing the EMS in Brussels on Monday. They are under orders to produce some proposals for the Community summit at the end of next month.

Mr Tugendhat, who is responsible for the EEC budget, urged replacing existing bilateral swap arrangements between European central banks and the U.S. Federal Reserve with a single swap-credit arrangement between the Fed and the European Monetary Co-operation Fund.

that the lira remains highly vulnerable, the sustained strength of the U.S. dollar has largely masked the problem, holding down the D-Mark, the dominant component of the EMS.

But if the results have been comparatively modest, has the exercise been worthwhile? The answer, in the general view, is yes. From the outset, one of the most powerful arguments in favour of Italian membership has been political: that it constituted a rudder keeping one of the community's weaker members in the EEC mainstream.

Central bank officials admit that the 6 per cent margin has allowed the Rome authorities to operate domestic monetary

policy with relatively little constraint.

As one official put it: "In many ways we've behaved as if free to float. We would never use the full margin, usually only 3 to 4 per cent, and then would act if necessary." These tactics have also largely denied speculators the safe each way bet which used to prove so lethal in the old days of rigidly fixed parities.

But, almost certainly, the advantages have been positive as well as negative. Some disciplinary effect has flowed from the EMS, according to Professor Romano Prodi, Industry Minister in the Andreotti cabinet, which took the decision to go in. Without the EMS, the lira's devaluation

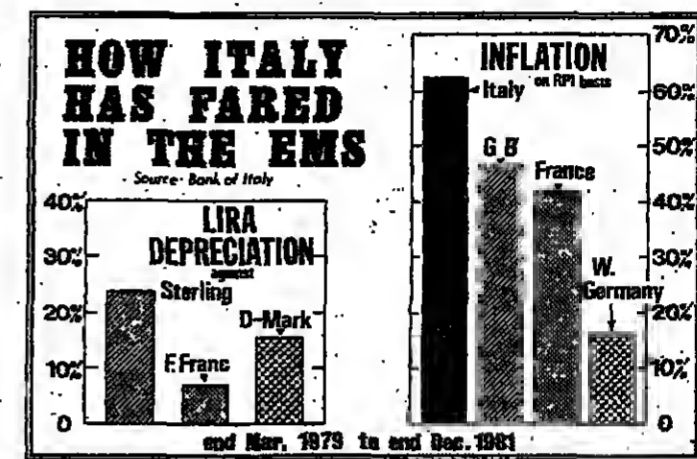
would have been greater, and the inflation rate, higher, he argues. In the event, depreciation against the D-Mark has run at about 6 per cent annually since 1979, compared with an average inflation differential between the two countries of about 10 per cent.

Faced with this erosion of competitiveness, Italian industry for at least that part of it exposed to stiff international competition) has been forced to act on its own. In the summer of 1980, Fiat approached the Bank of Italy to plead for a lira devaluation.

Politely but firmly, the central bank demurred, and that autumn the car company moved to put its own house in order. Since the end of an unprecedented 35-day strike in October 1980, Fiat's productivity has risen by 20 per cent.

The worst example of all has come from the Government. Its insatiable borrowing requirement might easily overwhelm the limit placed upon it for 1982 of L50,000bn (£21bn)—equivalent to more than 11 per cent of gross domestic product. Uncontrollable public finances are the biggest single contributor to Italian inflation, and thus to the instability of its currency.

A more subtle change has come about in Italy's foreign trade. While a depressed D-mark has thrust the country heavily into deficit with West Germany, exporters have perceptibly improved their showing in the Organisation of Petroleum Exporting Countries and Third World markets, where prices are dollar-denominated. Libya,



for example, has recently been Italy's fourth biggest trading partner.

How long can this go on? Sooner or later, the Bank of Italy insists, competitiveness with West Germany must be restored. It is here that the major risk lies for the future of the EMS.

Whatever the extra pain for Italian industry, the buoyancy of the dollar has lately held the EMS currencies closely together. On some occasions, the lira has actually appreciated against the D-mark. It is when the dollar weakens and the D-mark cuts free, that the real test of the system will be at hand.

Before the EMS, a weak dollar and a strong D-mark provided the recipe for Italy's financial and economic recovery between 1977 and 1979. During that period, the Bank of Italy could allow the lira to float down against the D-mark, but appreciate against the dollar, and thus hold down the cost of

imported raw materials. It remains to be seen whether this will be possible within the fixed confines of the EMS, at least as it now operates.

Italy is indeed allied with France in seeking to push through an initiative developing the existing EMS, extending the technique of multi-currency intervention, and strengthening the support mechanism of the system.

Up until now, however, the device of the 6 per cent margin has suited Italy's requirements well. Some here feel it might also suit Britain, in the management of petrocurrency, if Westminster's fear of too high a starting parity for sterling against an undervalued D-mark could be removed.

Many equally suspect that old British misgivings, for prestige reasons, about being seen as a second division member of the EMS, could prevent a highly desirable extension of the system.

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# Congress to reconsider El Salvador

BY ANATOLE KALETSKY IN WASHINGTON

A SPECIAL Congressional delegation will visit El Salvador this weekend to provide a "positive report" on whether conditions there could "slip into a Vietnam situation."

As concern grows about U.S. involvement in El Salvador and the guerrilla war intensifies ahead of the March 28 elections there, Mr O'Neill said he was worried about the U.S.'s apparent revival of a "domino theory" on Central America.

State Department officials have repeatedly said that El Salvador represents the "decisive battle for central America" and that the U.S. must do "what-

ever is necessary" to prevent a guerrilla victory there.

Mr O'Neill said he was not convinced that it is in the vital interest of the U.S. to support the Duarte Government, but stressed that this issue is "too serious" for Democrats to oppose President Reagan's policy automatically on partisan grounds.

Mr O'Neill's statement is significant because in the past he has not come out in support of liberal Democrats who have been demanding a change in U.S. policy on El Salvador.

Four Democratic liberals have produced a Bill calling on the Administration to enter into negotiations to seek an internationally supervised ceasefire

in El Salvador and negotiations between the Duarte government and the guerrillas.

Current policy is to back President Duarte in his refusal to negotiate with the guerrilla leaders, who have expressed their willingness to talk, with preconditions about some form of contemporary coalition government in El Salvador.

The Administration's view is that negotiations with the guerrillas now would pre-empt the democratic process of the March 28 elections. The State Department has also repeatedly said that the experience of Nicaragua proves that any form of coalition government between "Marxist-Leninist" guerrillas and liberal forces

eventually leads to a left-wing dictatorship.

The congressional delegation will seek to assess the strategic importance of the El Salvador war for U.S. interests and the human rights situation there. The arrangement of six former members of the security forces this week for the rape and murder of four U.S. missionaries in El Salvador in 1980 has not succeeded in allaying U.S. fears about the influence of right-wing extremists in the Duarte government.

Relatives of the murdered missionaries have said that there is evidence the killings were ordered by a wealthy Salvadorian rightist who regarded the women as "subversives."

# U.S.-Mexico friendship heads for hard times

By William Christoff, recently in Washington

AFTER A year in which Washington and Mexico have brushed their differences under the carpet for fear of spoiling the new-found friendship, several major problems are now emerging.

In particular the two countries disagree over Mexican migration to the U.S. trade, and the civil war in El Salvador. This is at a time when President Ronald Reagan has gone out of his way to court Mexico, which supplies the U.S. with 5 per cent of its oil needs—about 550,000 barrels a day—and has the potential to provide a lot more if required.

Mexico is also its northern neighbour's third-largest trading partner. U.S. investment in Mexico is about \$7bn (£3.8bn).

St Lopez Portillo, the Mexican President, and Mr Reagan have become personal friends over the past year. Mr Reagan has been referred to as a political matter to Lopez Portillo than he does to any other leader, claims a senior U.S. official. This relationship is underlined by Mr Reagan's decision to attend last year's North-South summit in Cancun against most of his White House advisers' wishes.

Despite their personal friendship these problems have not disappeared. The most sensitive of these concerns the 3m Mexicans who live illegally in the U.S. and the hundreds of thousands who cross the border each year in search of work.

A proposed guest worker programme is expected to go before the U.S. Congress soon, to allow a limited number of Mexicans to work legally in the U.S. and protect them from being exploited by employers.

But the trial programme, if approved, would only allow 100,000 Mexicans to work in the U.S. over a two-year period. This is far less than Mexico's estimate of the 300,000-400,000 of its citizens who emigrate to the U.S. each year.

Mexico fears that if such a programme comes into force, the U.S. will pressure the frontier more vigorously to reduce the flow of illegal aliens.

The programme could also include sanctions for the first time against U.S. employers who give work to undocumented Mexican workers. This could result in a partial closure of what Mexico calls its "safety valve" for major social unrest.

Mexico cannot produce enough jobs for its fast-expanding population. If it were not for the proximity of the U.S. and the eagerness of U.S. employers to hire cheap labour, unemployment would have reached unmanageable proportions in Mexico.

The human tide of Mexicans flowing into the U.S. can never be halted unless a "Berlin Wall" type solution is imposed, which apart from being impractical would hardly make for good relations. At the same time, the U.S. must do something to limit the problem, particularly at a time when its economy is in recession.

Ironically, the most sensitive point at the moment is not a bilateral issue, but the conflict of views over the civil war in El Salvador, where the U.S. backs the right-wing junta, while Mexico supports the left-wing rebels fighting to topple it.

Mexico wants a negotiated political settlement, while Washington wants elections in March, in the middle of anarchy. However, the fact that the U.S. and Mexico have "agreed to disagree" speaks for the maturity of their new relationship.

Nevertheless, Mexico's denunciation of U.S. Central American policy wrangles in Washington. Some senior State Department officials argue that eventually the fundamental differences over El Salvador could cause the bilateral relationship to deteriorate.

# Dutch Government appeals for ban on South African trade

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government has appealed to the country's businessmen to apply a voluntary ban on trading links with South Africa.

A voluntary embargo is all that can be achieved given the legal procedures necessary to impose a compulsory boycott, Mr Max van der Stoep, the Foreign Minister, told Parliament.

The government wants Dutch companies to cease supplying South Africa with oil, to stop importing South African coal and to make no more investments in that country. The main employers' organisation, the Netherlands Industry Federation (VNO), said it could not comment until it received the details of the ministers' proposals, announced late on Wednesday.

The Government is prepared to take account of justifiable objections from the business community but believes it can count on its support, Mr van der Stoep said. Prominent anti-apartheid groups reacted with scepticism, however.

The previous two Dutch Governments have been under pressure from Parliament to impose curbs on trading links with South Africa since a majority of MPs voted in June, 1980, for

an oil embargo. Attempts to gain support from other EEC countries and from Belgium and Luxembourg have failed, however.

Mr van der Stoep said he hoped voluntary curbs would be replaced with legal sanctions soon. In the absence of a binding ruling from the UN or support from the EEC or the Netherlands Benelux partners, the Government can go no further than an appeal for voluntary action.

The Benelux union treaty prevents the Netherlands from acting alone because of the Agreement on Tariffs and Trade (GATT) rules making unilateral action in trade matters difficult. Bilateral trading treaties with South Africa—including one dating from the 1930s concerning most favoured nation status—would have to be cancelled.

According to the Amsterdam-based Shipping Research Bureau, which is supported by two major anti-apartheid groups, the Netherlands is involved in the supply of 30 per cent of South Africa's oil. Royal Dutch Shell and the Transworld oil group ship much of the oil while Rotterdam is a major transshipment port.

The Netherlands imported 200,000 tonnes of South African coal in 1980—3.4 per cent of its total requirement—though there was a sharp fall in 1981. However, Dutch coal trading companies account for more than one-third of all EEC imports of South African coal. Dutch anti-apartheid groups claim

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# U.S. to raise anti-USSR N-warhead capacity

By Reginald Dale, U.S. Editor, in Washington

THE U.S. is to increase the number of nuclear warheads it can launch against the Soviet Union by deploying an additional 50 Minuteman III ground-launched intercontinental missiles in silos not occupied by older Minuteman IIs.

As the Minuteman III has three independent targetable warheads, against only one on the Minuteman II, the total number of warheads in the Minuteman force will rise by 100.

The Minuteman III is also more accurate and better able to penetrate Soviet air defences than the Minuteman II.

But the net increase in all U.S. warheads targetable against the Soviet Union will only be 48, because of Administration plans to dismantle 52 ageing Titan missiles, starting this year.

The 50 Minuteman III missiles are to be taken from the stock of 20 spare missiles the Air Force keeps for testing. The Air Force, which test-fires 12 missiles a year, did not want the stock depleted and reportedly opposed the plan.

Conservative members of Congress have long wanted to deploy more Minuteman IIIs and last year succeeded in getting Congress to allocate \$5m to fund the plan.

The Pentagon also said that when the first 40 MX missiles started to be deployed in Minuteman III sites in 1986, the displaced Minuteman IIs will also be transferred to Minuteman II sites. The warhead plans would "arrest the downwards trend in relative capability" of the U.S. missile force compared to that of the Soviet Union, the Pentagon said.

# French rockets for Nicaragua

BY DAVID HOUSEGO IN PARIS

FRANCE is to deliver 7,000 rockets to Nicaragua as part of the recently announced controversial arms deal.

M. Charles Herau, French Minister for Defence, said yesterday that the contract also provided for 100 rocket launchers, two helicopters, two patrol boats and 40 lorries.

The rockets are of an offensive nature and for use by guerrilla fighters. He also said that the contract stipulated that the rocket launchers could not be fitted to Soviet aircraft.

The U.S. has been concerned about French support for the left-wing Sandinista government in Nicaragua and the possibility that the weapons could find their way to guerrilla movements in El Salvador.

M. Herau said the deal fell within the new French arms sales policy of providing assistance for countries friendly with France which wanted to avoid dependence on one or other of the major power blocs.

He said that Mr Alexander Haig, U.S. Secretary of State, had described the contract to

M. Claude Cheysson, French Foreign Minister, as "peanuts."

M. Herau, who also had talks in Paris this week with M. Hans Apel, the West German Defence Minister, said the contentious issue of Franco-German co-operation over the building of a new tank that would come into service in the 1990s had been referred to a political matter to Chancellor Schmidt.

The French expect it to be raised by the two heads of Government during the Franco-German summit at the end of this month.

# Surinam democracy date set

BY CHARLES BATCHELOR IN AMSTERDAM

THE LEADER of the military council Surinam, the former Dutch colony in South America, has said that the country should have a new civilian Government by mid-March.

The five-man military council, which has held supreme power since February 1980, resumed direct control of the Government last week, forcing the civilian administration of President Henk Chin-A-Sen out of office.

Lt-Col Desj Bouterse, leader of the military council, has announced the formation of

three special commissions. These will draw up a Government programme, advise on administrative reforms and prepare the way for a new democratic constitution—the issue that brought down the conservative Government of Mr Chin-A-Sen.

On the basis of their reports, a new government will be chosen and sworn in on March 15, he said in a television address.

It is unclear whether the new administration will include military representatives, but it

is likely to have members of the so-called revolutionary front, according to reports reaching the Netherlands. The front is composed of 11 progressive groups, including trade unions, student organisations and a number of small political parties.

The draft constitution under discussion when the military took over power on February 4 provided for a directly-elected president with the power to appoint and dismiss governments. The army would have had a purely advisory role.

# Shell's prospects in Belridge lifted

BY RAY DAFTER IN LOS ANGELES

SHELL OIL'S \$4.75bn (£2.54bn) investment in California's Belridge oilfield could well yield 1bn barrels of recoverable oil and gas—34 per cent more than official estimates—according to a senior company official.

Mr Bob Sprague, president of Kernridge Oil, the Shell subsidiary which operates Belridge, said there was a "good chance" that the output of oil and gas would eventually reach the equivalent of a billion barrels. "We haven't figured out how yet, so we are not counting our chickens. But the field is responding magnificently—those wells are rocking along great."

Many in the industry ridiculed Shell when, in 1979, it paid \$3.65bn for Belridge. Oil's interest. The purchase price was almost \$1bn more than the second highest offer. Since the purchase, Shell has committed itself to spending a further \$1.7bn on perforating the field with thousands of wells.

Since the takeover, the company has boosted production from about 40,000 barrels a day to over 70,000. By the end of this year, output should be approaching 80,000 barrels a day and by the mid 1980s over 100,000. Most of the production is

coming from a reservoir of thick, sticky oil which is being teased out of the ground by injected steam. One barrel of oil is used to create the steam necessary to yield three barrels of crude. But Shell is confident that the technique will ultimately recover over 60 per cent of the original oil in the reservoir, a recovery efficiency which would be about twice the current industry average.

Shell Oil, like a number of major U.S. oil companies is now increasingly employing novel production techniques to extract hard to get oil.

# Fed plans to stick to fight against inflation

BY DAVID LASCELLES IN NEW YORK

MR PAUL VOLCKER, the chairman of the U.S. Federal Reserve Board yesterday reiterated the Fed's determination to fight against inflation.

On the second day of hearings on monetary policy, Mr Volcker repeated to the Senate the message he gave the House of Representatives on Wednesday. The basic aim of monetary policy will continue to restrict the supply of money and credit, though the Fed will be slightly more flexible in the months ahead because of the erratic behaviour of the money supply.

He also repeated warnings that the Reagan administration's budget deficit poses a threat to

the country's economic health, though he refused to be drawn into outright criticism of the White House.

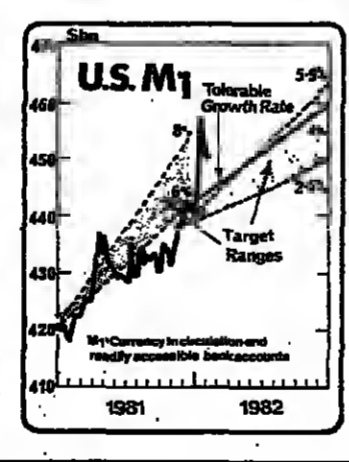
Mr Volcker's message this week does, however, point to a slight softening which could remove some of the uncertainty on Wall Street about Fed policy, and ease the upward pressure on interest rates. Because of this, the financial markets have responded quite favourably to Mr Volcker's remarks.

While sticking to its basic growth targets for M1 this year of 2.5-5.5 per cent, the Fed will allow M1 to run higher than that in the first half of the year. The guideline will be a 4 per cent

rate of growth from the minimum level M1 was supposed to reach last year, though it fell well short. This should bring M1 back within the target range by the end of the year.

Mr Volcker justified this on the grounds that M1 grew too slowly last year, but is now showing a tendency to grow too fast. In effect, the 4 per cent line marks an attempt to "rein in" the money supply gradually without administering shocks to the financial markets.

However, the Fed's tactics are also widely viewed as a concession to the Administration, which wants faster monetary



# Export frustrations lead bellicose Washington on to the trade warpath

"THANK YOU for smoking," said the sign on the receptionist's desk outside the office of Representative Stephen Neal—a gentle reminder that the congressman is doing his best for his constituents in the tobacco-producing state of North Carolina.

But as far as trade with Japan is concerned, Mr Neal's best is not enough. He shares his constituents' deep frustration with Japan and its trading policies, which is threatening to lead both to fundamental shifts in U.S. trading policy, and to a dangerous period for the world trading system.

Mr Neal's proposal last year that Japan should pay the U.S. a national security tax of about \$20bn (£10.7bn) annually, which made him a Japanese television personality, embraced the feeling that Japan has climbed to prosperity on the back of U.S. efforts. His view of the way Japan handles tobacco imports, the subject he knows best, embraces the perception

markets they end up with 10 to 15 per cent of the market. In Japan, they limit the sales, they administer the price of the U.S. tobacco product—they set it way higher than domestic products. Then they say U.S. cigarettes cannot be advertised in Japanese. That's like saying they can only advertise Datsun here in Japanese. Then they say you can only sell through a limited number of outlets," complained Mr Neal.

Similar tales are repeated in other sectors, such as beef, citrus products, computers and telecommunications. At the same time, Japanese sales are believed to be hurting sections of U.S. industry, like cars, steel and electronics.

The result is that the general frustration—reflecting Japan's rising trade surplus with the U.S.—is bolstered by specific complaints. The tide of dissatisfaction thus moves along into an outright condemnation of Japan's "importing" and exporting policy.

"We have a right to some industry too," said a union official, mindful of the recession and the competitiveness of Japanese sales.

"When Japan's infant industries are struggling, they shut the door, and then they're

unhappy when others shut the door on them. We have a one-way free trade policy," argued an influential congressional aide.

Trade with Japan, then, is a wide problem which needs a wide response. In that sense it is different from U.S. trade relations with the EEC where, said a trade official, "there are series of specific issues which are of strong interest to the private sector and Congress."

These issues are steel—now the subject of investigation to see whether anti-dumping duties will be imposed—EEC agricultural exports—again the subject of specific investigations to see whether there should be retaliation for unfair trading—the currently sleeping problem—of subsidised export credits and sanctions policy against the Soviet Union.

"You have pressures building up in a narrow context. There is the general malaise—that's Japan and to a lesser extent Canada (a reference to a running dispute about Canadian energy and investment policy). Now all of this is converging on the public policy agenda. We're in a recession and there's a Congress with little to do—a component of it is up for reelection," said the trade official.

This convergence means that two trends which have been emerging for some time have become more sharply focused in their impact. The first trend is the growing importance of trade to the U.S. economy—one job out of four depends on

no longer defer to the trade sub-committees. So we don't know where the trade legislation is going to come from," said an Administration official who deals with Congress.

The result is that Congress's constitutional power "to lay and collect taxes, duties, imposts and exercises... to regulate commerce with foreign nations" has become more difficult to predict in its exercise.

"There are only about two dozen people in Congress who care about trade policy and they're virtually everybody else approaches it on local, political grounds. There hasn't been an effort to build a coalition on trade issues for a long time. The cars issue last year (when some in Congress wanted restrictions on Japanese car imports)—that never came to a vote. Congress is expert at generating heat," said one member of staff.

The heat now is fuelled by the basic political reaction that no notes are ever written up acquiescing in the loss of jobs. It is a more powerful and immediate response than a re-statement of the principles of open trade, with which U.S. rhetoric has been traditionally associated up until now. Thus, on a recent Administra-

tion count, there were at least 14 bills in Congress which had within them a protectionist element. Hence the emergence of "reciprocity" as a slogan widely circulating as a comprehensive remedy.

At one level, reciprocity fits neatly into the basic principle of the General Agreement on Tariffs and Trade (GATT), the basis of the open trading system. This holds that all countries grant one another equal treatment and that no country is given a special advantage in the market of another. In other words, everybody benefits from what everybody else is doing.

But at another level, reciprocity means that if one nation does not lower its barriers to trade, the U.S. will raise its own. In this sense it could mean that, if Japan refuses U.S. beef, the U.S. will refuse Japanese semi-conductors.

The notion of reciprocity, however, is not new. The U.S. Trade Act of 1974 empowered the President to negotiate trade agreements to assure reciprocal trade benefits and in particular fair treatment and equitable market access for U.S. exports. Then, the Senate Finance Committee said: "The U.S. should not grant concessions to countries which are not willing to

# U.S. trade call turned down

BY BRIJ-KHINDARA IN GENEVA

THE EUROPEAN Community has turned down a U.S. demand for an early start to negotiations for an international agreement regulating trade in services, including banking, insurance, and civil aviation services, and access to computer data banks.

At meetings in Geneva of CG-18 a group of 18 members of the General Agreement on Tariffs and Trade (GATT), the Community said it is not yet convinced of the immediate need for an accord.

However, it is willing to study seriously trade problems internally outside GATT meetings but their decisions usually become GATT policy.

This week's CG-18 talks towards U.S. views was seen as a further widening of U.S.-EEC differences following abortive talks in Washington last week between Mr Wilhelm Haferkamp, EEC vice-president for external relations, and Mr William Brock of the U.S. A senior EEC official who came to Geneva directly from the Washington meetings described EEC-U.S. differences as "a difficult patch, but no trade war."

The CG-18 is GATT's most influential policy-making forum. It includes both developed and developing countries who meet annually outside GATT meetings but their decisions usually become GATT policy.

This week's CG-18 talks centred on preparations for a ministerial-level conference to be called by GATT in November to discuss problems in international trade and to map patterns of world trade regulation for the rest of this decade.

The last such conference took place in 1979 and led to the Tokyo Round trade package of tariff and non-tariff barrier cuts completed in 1979. All participants agree that this year's conference will not lead to any major round of negotiations. The Community will seek a strong ministerial declaration against protectionism in trade and some "practical measures" to improve the functioning of existing agreements.

Union in the past.

Tass also said a protocol was signed by Sudoport and the shipyards to provide for the delivery of 10 passenger ships.

Soviet orders with shipyards in Yugoslavia will be about one-third higher in 1981-83 than in the previous five-year period, Tass said. The tankers and crane ships are to be delivered in 1984-85.

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# Syrian uprising presents potent threat to Assad

BY PATRICK COCKBURN

THE UPRISING in the northern Syrian city of Hama, combined with reports that military units have joined the rebels, is the greatest threat to face the régime of President Hafez al-Assad since he took power 12 years ago.

His Government and the ruling Baath party have always been most wary of the two threats to it posed by the army and fundamentalist Islam. So far, these dangers have remained separate. But the wholesale arrest of conspirators in the armed forces in January, and the rebellion in Hama may indicate that they are coming together.

For the past three years, rebellion has simmered in Syria's northern cities, notably in Aleppo, Hama and Homs. In one incident, in June 1978, 32 military cadets were gunned down in Aleppo by extremist Muslim Brotherhood guerrillas. Thereafter, the Government cracked down on them ruthlessly, in spite of an assassination campaign against officials and Baath party members.

The conflict is heavily influenced by the sectarian divisions within Syria. Mr Assad and leading members of the régime come from the Alawi sect, which dominates the senior ranks of the army, Baath party and the security services. But the Alawi only make up about 13 per cent of the population, compared to the 69 per cent who belong to the orthodox Sunni sect. The Muslim Brotherhood have continually emphasised sectarian animosities.

By the beginning of last year, the Government seemed to have got the Muslim Brotherhood under control, but over the last six months there have been a series of major bomb explosions in Damascus, the last of which left more than 100 dead.

To try to safeguard officials and public buildings, the streets of the Syrian capital are now filled with troops of the Special Defence Brigades, dressed in their distinctive brick red and green camouflage uniforms.

But the loyalty of the army



is the crucial test for the régime. It was this which was put in doubt by the arrest and execution of officers in January. With a total strength of 247,500 men, the Syrian armed forces include 140,000 conscripts. In spite of Alawi dominance, most soldiers are drawn from the Sunni community. The Government has always been nervous in the past in putting the loyalty to the test by making them fight in the streets against people of the same religion.

So far, the fighting in Syria is confined to Hama, according to officials in Washington, and the Government in Damascus will seek to stop it spreading. Dissidents in exile claim that the ninth division of the Syrian army, used as a rapid deployment force, was moved to Aleppo at the end of January, and that there has also been fighting in Daraa in the south.

Last year, Mr Assad was able to shore up his position within Syria by emphasising his nationalist credentials during the missile crisis in Lebanon. At the same time, he attacked Jordan and Iraq for supporting the Muslim Brotherhood and strengthened his relations with both the Soviet Union and Iran.

The fighting in Hama indicates that the Brotherhood have not been weakened. It is possible that the heavy handedness of the régime's repression will lead to a more general popular revolt. But the crucial test, for both rebels and the Government, is the attitude of the army.

# Deng 'still holds all his posts'

China yesterday moved to dampen speculation about Vice-Chairman Deng Xiaoping, 77, who has not been seen in public for a month, by saying he retains all his posts, Reuter reports from Peking.

A Foreign Ministry official said Deng was still chairman of the Communist Party Military Commission, as well as party Vice-Chairman and Chairman of the Chinese People's Political Consultative Conference.

## Call to free 1,000

An Egyptian court has suspended the late President Anwar Sadat's emergency regulations of September 5 last year, and called for the immediate release of over 1,000 people still in detention. Our Cairo Correspondent reports.

## Tunis talks today

Arab Foreign Ministers meet in Tunis today at Syria's request, to discuss possible sanctions against Western states regarded as having duplicitously supported Israel's annexation of the Syrian Golan Heights, Reuter reports.

# Rick Wells in Khartoum describes the dilemma facing Nimeiri over separatist tensions Tribal antagonism threatens Sudan's stability

THE FINEST achievement of President Jaafar Nimeiri of Sudan is always said to be the settlement in 1972 of the 17-year civil war between the mainly Moslem north and the non-Moslem south. But now, the stability of the southern region is threatened by fierce antagonism over whether to divide it.

The south is a vast area of forest, savannah and swamp around the Upper Nile, which in itself is larger than many African states. It has agricultural potential, but its development is crippled by its remoteness from the outside world and had communications. Nevertheless it cannot be ignored. Just inside its border with the North lies much of the oil recently discovered in Sudan, on which the country's long-term economic future is based. Renewed conflict in the south could be exploited by Sudan's neighbours, such as Libya and Ethiopia.

The south is now split into two potentially hostile camps. Tribalism, as ever, is the root cause of the problem. The leader of the cause of division is Mr Joseph Lagu, former president of the semi-autonomous High Executive Council of the Southern Region, who feels strongly that a conspiracy of Dinkas, the largest and most powerful tribal grouping in the present region, was responsible for his fall from power in 1980. To break Dinka domination,

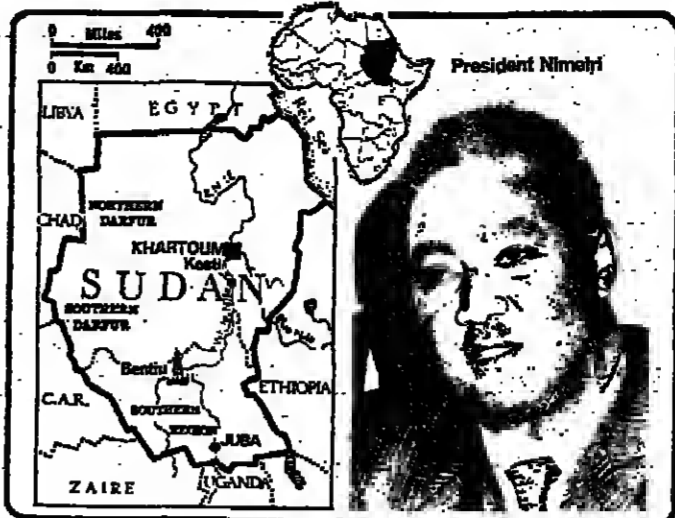
particularly of the police and administration, Mr Lagu wants the creation of a separate region out of the two southernmost provinces of Eastern and Western Equatoria. Mr Nimeiri, who is committed to decentralisation in the north, feels the same thing should happen in the south.

The debate over the issue became so heated last year that Mr Nimeiri banned it from public discussion. The regional government, headed by Mr Abel Alier, a Dinka, and an old adversary of Mr Lagu, struggled to maintain credibility against a background of political quarrels and disasters, many of which had an underlying tribal cause.

Violence—provoked by food shortages and drought—broke out between some of the 40,000 Ugandan immigrants now in the south and indigenous tribes, including the Dinka. Non-payment of salaries to government employees throughout the region for up to six months caused strikes and an outcry against nepotism and corruption in the administration.

The choice of the town of Kosti in the north, instead of Bentiu near the oilfields in the south as the site for Sudan's new oil refinery caused violent incidents. The southerners felt that they had been cheated.

To northern politicians, these were further reasons why the troublesome southern region—which also appeared to them to be resisting the Islamisation



they desired—should be divided. This would make it more governable. It was also thought in Khartoum that Mr Alier's administration was biased against dividing the south. Finally, in October, Mr Nimeiri dissolved the regional assembly and set up a six-month transitional government, headed by Major General Rasseas, commander of the military staff college in Khartoum, who was previously unheard of in southern politics. The body was to preside over new elections and a referendum on the issue of division. Opponents of the proposed division such as Mr Bona Malwal, a former national Minister of Informa-

tion, claim the methods being used to achieve it are unconstitutional. "What in fact is being done," he alleges, "is to weaken the south by removing the hard won political, economic and security guarantees and subjecting the south to laws that now govern the northern regions."

The arrest of 21 prominent southern politicians during the elections in December, following the despatch of a declaration to Mr Nimeiri which stated their aim of campaigning for the continued unity of the southern region, intensified suspicions of the President's intentions. The politicians were accused of forming an illegal

political party and attempting to procure funds from Libya. Twelve of them were released in early January with no charges, but five, including Mr Clement Mboore and Mr Joseph Oduha, await trial in Khartoum's Kober Prison.

But in spite of accusations that the 15-man administration of Mr Rasseas is biased in favour of decentralisation, a degree of stability has been maintained throughout the elections for the national assembly.

When the National Assembly meets shortly, it should vote on the proposed amendment of the Addis Ababa Agreement of 1972, which guarantees the unity of the present southern region. A three-quarter majority in favour of amendment, ratified by a two-thirds majority in a plebiscite in the south is required before such a change may take place.

However, it is also a principle of the constitution that decentralisation should be given to any region which asks for it. Ultimately, if Mr Nimeiri feels that Equatorians have a strong enough case for separation, he can grant it.

Judging by the lack of achievement by previous governments of the south, the problems of governing the whole region from Juba are enormous. Undoubtedly, the self-interest of personalities, parties and tribes is largely responsible for lack of develop-

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# OAU offers settlement for Chad civil war

BY OUR FOREIGN STAFF

THE ORGANISATION of African Unity (OAU) has proposed a three-phase settlement to the civil war in Chad, culminating in the withdrawal of the organisation's peace-keeping force on June 30.

The proposal came at the end of a five-day meeting in the Kenyan capital Nairobi, of the 13-member OAU standing committee on Chad.

But there was no immediate response from the country's leader, President Goukouni Oueddei, who had challenged the right of certain OAU members to discuss Chad's internal affairs.

The resolution calls for a ceasefire on February 28, presidential elections in May or June, and the withdrawal of the 3,000-strong OAU peacekeeping force on June 30.

Negotiations between rival forces, including those led by the ex-defence Minister, Hissene Habre, are supposed to begin on March 15.

Two issues appear to have been behind the settlement plan:

The Somali government of President Mohammed Siad Barre, an ally of the U.S. in the volatile Horn of Africa, has crushed an army mutiny in the north of the country after several days' fighting, according to diplomats and Somali dissidents. Reuter reports from Nairobi.

● The cost of the peacekeeping force sent to Chad last December to replace Libyan troops. This is put at \$163m (£90m) a year, beyond the resources of the OAU.

● Fears that if no political solution is found, the undermanned OAU force would be caught up in the 20-year conflict.

Unless President Goukouni and Mr Habre agree to the plan, it clearly has little chance of success. This would leave the OAU in the invidious position of choosing between maintaining an expensive and potentially dangerous role, or withdrawing.

# Australia's overall payments deficit up

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S balance of payments continued to weaken last month, with the overall deficit for the seven months to January rising to A\$1.7bn (£1bn). This compares with A\$1.5bn in December.

Mr Malcolm Fraser the Prime Minister and Mr John Howard, the Treasurer, have ruled out devaluation, but they are under pressure from exporters, notably farmers and miners, who believe the Australian dollar's exchange rate is too high and is adversely affecting the competitive position of exporters.

The Australian dollar, after rising rapidly by 10 per cent against a basket of seven currencies to the middle of 1981, has slipped back in the past seven months, and most observers believe it will continue to decline gradually until the middle of this year.

The A\$1.7bn deficit revealed yesterday by the Bureau of Statistics compares with a surplus of A\$294m for the seven months to January 1981. Australia's fiscal year runs from July 1 to June 30.

In the seven months to January this year, the value of exports fell 3 per cent compared with the same period the year before, mainly because of low commodity prices. The value of

wheat and sugar exports were both down 30 per cent.

Imports rose 16 per cent with significant increases in machinery and transport equipment (up 25 per cent) which is mainly attributable to the rapid expansion now under way in the resources sector.

When invisibles such as shipping and insurance are taken into account, the current account deficit is just over A\$5bn compared with A\$2.6bn for the same period in 1981.

Foreign investment is running at about last year's record levels. Net apparent capital inflow, excluding government borrowings, was A\$3bn. This is A\$429m higher than in the corresponding period the year before.

The Government will probably resist a sudden devaluation because it is committed to control the inflation rate, which rose in the December quarter to an annual rate of 11.3 per cent.

Figures released yesterday show unemployment has risen to 6.4 per cent of the workforce, causing Mr Neil Brown, the Employment Minister, to warn that Australians were pricing themselves out of jobs with recent high wage settlements.

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Ratepayers in Lambeth may receive cash refund

By Robin Pauley
RATEPAYERS IN the London borough of Lambeth will receive a cash refund if the Conservatives are elected to office in May and the Government alters its new legislation to make rate reductions legal.

Mr Robin Pitt, leader of the Conservative opposition, said the average repayment to domestic ratepayers would be about £50. He was planning to cut the council budget by about £2m, but increased government grants resulting from lower spending would mean the amount of cash to be shared out would be £10m-£11m.

The largest cheque, in fact, would be paid to the Labour-controlled Greater London Council, which has its headquarters within Lambeth. It would receive £12m, followed by the Shell Centre which would get nearly £700,000.

The repayments are, in effect, a 20p in the pound supplementary rate in reverse. Lambeth, under the leadership of Mr Ted Knight, levied a 25p supplementary rate last year.

He is now proposing a 12p reduction in Lambeth's rate and has introduced strict limits on each department within the council because the Labour group has become increasingly aware of inroads made in its traditional support by the new Social Democratic Party.

Before the refunds could be made, the Government would have to amend its Local Government Finance (No. 2) Bill now passing through Parliament. The Bill has supplementary rates and therefore makes it impossible to levy any second rate during the course of a financial year.

Mr Pitt's plan would require permission for a second rate to be levied so long as it was a reduction rather than an increase in the overall rate bill for the year. This is because the 1982-83 rate will already have been fixed by the time the local elections are held in May.

The Government is understood to be sympathetic to the plan and is likely to accept an amendment by Mr Tony Brent, Tory MP for Reading North and chairman of the party's backbench committee on environment.

If the Conservatives win, they do not plan cuts in essential services but severe staff pruning involving some compulsory redundancies.

Other measures would include:
- £1m to be cut from the £3m overtime bill;
- £100,000 off the consumer advice budget;
- £2m to be saved by selling 2,000 empty homes;
- £500,000 by phasing out the meals subsidy to council staff;
- Increasing the price of meals-on-wheels by 10p to 30p;
- Raising council house rents by £5.50 in July instead of £2.60 in October.

Massey-Ferguson to cut 725 jobs at Coventry

By Hazel Duffy, Industrial Correspondent

MASSEY-FERGUSON plans to cut the workforce at its Coventry plant by 725 as part of a major effort to put the group's operations on a more efficient footing.

Trade union representatives were told earlier this week that the company hopes the redundancies will be achieved on a voluntary basis. It plans to cut 475 production jobs and 250 staff jobs. This will bring the workforce at Coventry down to 5,425, and the total of jobs lost at Massey-Ferguson plants in the UK since 1978 to 4,500.

Massey-Ferguson says the reason for the latest redundancies at Coventry, the largest plant in the group's worldwide structure, is the continuing flatness in the market for tractors and the urgent need to improve

cost effectiveness to remain internationally competitive.

Since Massey-Ferguson concluded its financial restructuring last year, the tractor market has shown little sign of the recovery the group had predicted. Many industry experts forecast that the North American market—an important outlet for Coventry production—will decline this year.

Massey-Ferguson confirmed recently that it has approached its bankers for a temporary relaxation of some of the provisions in the refinancing package.

Late last year Mr Michael Hoffman, a former chief executive of Massey-Ferguson's Perkins subsidiary, was brought back to the UK from the

group's Toronto head office to conduct a review of all Massey-Ferguson group operations outside North America. The redundancies at Coventry are the first tangible results of the review, which is still going on.

Employment in the tractor industry in the UK has contracted considerably over the past three years in response to the market's weaknesses and the financial problems of two of the multinationals manufacturing in the UK, Massey-Ferguson and International Harvester. Another 225 job losses at International Harvester's Doncaster plant were announced this week as a result of the group's decision to concentrate its European product engineering services in West Germany.

British Aluminium sheds 40 jobs

By Maurice Samuelson

BRITISH ALUMINIUM, which recently closed its Invergordon smelter with the loss of 380 jobs, yesterday confirmed that it was shedding 40 staff jobs at its Falkirk rolling mill, where about 900 people are employed.

The company said the latest redundancies, 11 of which will be voluntary, were "rather minor" compared with the total workforce at Falkirk, and that they were part of a recovery plan to get it on to a sound basis.

Meanwhile, talks are continuing between the Scottish Office and the electricity

authorities over a power price formula which could enable Invergordon to be reopened. The Highlands and Islands Development Board, which is at the centre of the talks, has imposed a news blackout on them for fear of raising undue hopes.

British Aluminium has asked us to point out that although high electricity rates led to the closure of its Invergordon aluminium smelter, power supplies were not cut off because of unpaid bills (as stated in yesterday's Financial Times).

On the contrary, before the

closure took place it reached a settlement with the Scottish electricity authorities, terminating its long-term power contract by mutual agreement.

Herbener Brooks, the makers of piano keyboards and actions, of Long Eaton, Derbyshire, yesterday declared 65 workers redundant.

The company said that after building up to 500 workers in 17 years, it had been forced to reduce to 300 because of a drop in demand from its main markets in Europe and the U.S.

Status of Chief of Defence Staff boosted

By Bridget Bloom, Defence Correspondent

MR JOHN NOTT, the Defence Secretary, has increased the authority of the Chief of the Defence Staff, Britain's top military post, within the hierarchy of the Ministry of Defence.

The move is apparently designed to lessen the political influence of the individual armed services and their chiefs in the Defence Ministry.

However, in what is obviously a politically sensitive area the ministry yesterday would only say that the first priority of the

Chief of Defence Staff—currently Admiral of the Fleet Sir Terence Lewin—will now be to give ministers independent advice, instead of primarily acting, as before, as the spokesman of the chiefs of the three armed services.

The army, navy and air force chiefs, it was emphasised, would retain their right of direct access to the Defence Secretary and the Prime Minister.

The ministry described the move as a change of emphasis, which had nothing to do with

the row earlier this week over the military leaders' right to appear before the Tory backbench defence committee.

It was made known in a letter to Mr Cranley Onslow, the chairman of the House of Commons Select Committee on Defence.

The changes, which are to take effect immediately, are in line with the recent abolition of the posts of individual ministers to represent each of the three armed services.

N. Sea exploration increase continues

By Martin Dickson, Energy Correspondent

EXPLORATION drilling for oil and gas in the UK sector of the North Sea maintained an upward trend in the last quarter of 1981, according to Gaffney, Cline and Associates, the international energy consultants.

Their North Sea indices show that exploration activity has been rising in the UK and other European countries for nine months.

Cline say there is no evidence that the relatively high average success ratio in the North Sea will not be maintained.

But their indices for the development of new fields in the UK sector and expenditure on construction are fairly constant, pending government approval of new development plans.

Sun Oil of the U.S. yesterday denied speculation that it might give up the operatorship

Royal Bank seeks new sense of direction

By William Hall and Mark Meredith

THE Royal Bank of Scotland Group has established a full-time chief executive's office and reshuffled its senior management as part of a plan to give the group a new sense of direction following the failure of its attempt to merge with standard Chartered Bank.

Mr Sidney Procter, the chief executive of William and Glyn's Bank, the English subsidiary, is to take over the new job of full-time group chief executive. He will be based in Edinburgh and will be independent of the day-to-day operations of the two banks.

He will co-ordinate the activities of William and Glyn's Bank and the Royal Bank of Scotland and the development of group strategy for future growth. Until now, the two banks have operated as separate entities with their own management styles, computer systems, marketing departments, etc.

Mr John Burke, aged 58, who had held the part-time job of group chief executive for the last 51 years, as well as being chief executive of the Royal Bank of Scotland, has been appointed full-time deputy chairman of the Scottish subsidiary.

Mr Bill Dacombe, aged 48, moves from being assistant chief executive of William and Glyn's Bank to devote himself full-time to group planning and development. In particular, he will look after new acquisitions.

Mr Charles Winter, aged 48, takes over as managing director of the Royal Bank of Scotland, and Mr Maurice Davenport, aged 57, takes over as head of William and Glyn's.

Sir Michael Herries, the group's chairman, stressed yesterday that the group had not developed any new strategy for over a year while the outcome of the £500m rival bids by Standard Chartered and Hongkong and Shanghai for the group were decided.

In the event, the Government endorsed the Monopolies and Mergers Commission's decision to allow both bids, and this has forced the group to rethink its long-term strategy completely.

Mr Procter said that over the long term, the group would want to merge more and more of the two banks' functions but stressed that this was fraught with difficulties and would not be entered into hastily.

Areas such as harmonising computer systems, marketing objectives and career development were areas where progress could be made initially. However, he said, the Royal Bank of Scotland would be encouraged to open branches in England.

Sir Michael Herries made a special point of saying that the group's headquarters would remain at St Andrew's Square, Edinburgh. Mr Procter, is to move to Edinburgh.

British Telecom makes £140m profit from tariff increases

By Jason Crisp

BRITISH TELECOM made a profit of £140m in the six months to September 30 1981 compared with a loss of £19m in the same period the previous year. The return to profitability is almost entirely due to tariff increases.

For the first time in three years British Telecom expects to meet its government set target of a return on capital of 5 per cent for the full year. The second half of the financial year normally shows significantly higher profits.

In the full year to March 1981, British Telecom had a profit of £181m on an income of £4.6bn. Income in the first half of the current financial year was £2.6bn compared with £2.1bn the previous year.

British Telecom warns that it is considering new accounting policies with the Government which would have substantially reduced profits if they had been adopted in the first half of this financial year. Because of competition British Telecom may write off more costs in the year in which they are incurred.

Depreciation in the first six months of the current financial year was charged at £702m, in place of a replacement cost basis. The Telecommunications Users Association called on British Telecom to hold prices

for the rest of this calendar year. A spokesman said the TUA was particularly disappointed that the improvement in profits was almost entirely attributable to price increases.

In the six-month period a further 280,000 lines were connected to the network to give a total of 18.7m exchange connections. The volume of calls was 4 per cent greater than a year ago.

In a recent letter to employees, Sir George Jefferson, chairman, said BT's running costs rose at double last year's rate of inflation and staff levels and wages grew by 31 per cent in 1980-81, after rising 18 per cent in the previous year.

The results for the first half this year, after charging £90m interest under a Deed of Covenant with the Post Office pension fund to eliminate the deficiency from when the Post Office was a Government department.

In the full financial year British Telecom expects to invest £1.9m on new plant and equipment of which 85 per cent is financed from its own cash flow. British Telecom is still discussing the issue of profit-related "Telecom Bonds" with the Government which would raise finance in future years.

Sotheby's completes sale of Norscot contents

Sotheby's has just completed a major house sale in South Africa, disposing of the contents of Norscot at Sandton near Johannesburg for £58,476. Top price was the £21,978 paid for a late 18th century armoire of stinkwood and beechwood, made in the Cape.

Bonhams has cornered the market in picture frames, and yesterday it sold frames to the value of £27,320. A feature was a collection of 18th and 19th century frame makers' moulds which sold for £2,470, fetching individual sums up to £160 for a mould with acanthus leaves. An 18th century French gilt wood frame made £750.

MR PAUL CHANNON, Minister for the Arts, has decided to suspend licences to export a painting by George Stubbs, RA, entitled Gimerack with jockey up, on Newmarket Heath, a pair of French flintlock presentation pistols by Nicholas Noel Boutet, and a George II giltwood console table by John Vardy.

The licences for the painting and the table will be withheld for four and three months respectively, to give public collections in the UK an opportunity to offer to buy them.

The owner of the pistols does not wish to sell them; and an export licence for them will be therefore suspended indefinitely.

SALEROOM

By Antony Thorncroft

THE GOVERNMENT yesterday referred its scheme for workers to supply their own sick notes for periods up to seven days to the Social Security Advisory Committee, the scrutinising body for most social security matters.

The British Medical Association has been advocating self-certification for several years. The Health Department estimates that the new scheme will cut the number of doctors' certificates for fitness from 20m a year to 17m.

Stockbrokers merge

FRANKIE STATHAM and Jeff Stoop, two medium sized stockbroking firms, are to merge. The new firm will be called Statham Duff Stoop and operate from Duff Stoop's offices from March 1.

Glass making revival

Jobs a year ago when the Royal Doulton Webb Corbett cut glass company closed at Tutbury near Derby, yesterday lit a furnace to mark the start of a new company on the old premises. Many of the 32 used their redundancy money to pay for the venture.

Accountancy inquiry

THE ACCOUNTANCY profession has appointed a committee of inquiry to look into matters of public concern which, it believes have been raised by a Department of Trade inquiry into two once-quoted companies, Gilgate Holdings and Raybourne Group.

The department published a long report on its inquiry in September, which reviewed a morass of company law infringements by several firms between 1967 and 1980. It censured a number of executive and non-executive directors involved in the firms' affairs and criticised the firms of auditors, Thornton Baker and Gerald Eastman.

Turbine modification

MODIFICATIONS costing about £500,000 are being made to turbine units at the Central Electricity Generating Board's pump storage scheme at Dinorwic, North Wales.

Commissioning trials on the first of the six units resulted in overhauling of the generator and overhauling of the bearings from which the turbine's rotating parts are suspended.

Four Ladbrooke clubs and the Curzon House casino have closed. The Knightsbridge Sporting Club and the Olympic face closure, with legal hearings due on March 15. Maxims could close next week unless the courts are satisfied with the recent review of its company.

The May hearings introduced one new factor—Jemind. Indeed, the Gaming Board itself could even step forward and object to licences on grounds of inadequate demand. Punters in 125 casinos around the country spent £636.7m in the year to last August against £661.5m the year before, but demand in the capital is notoriously hard to forecast or measure.

Jersey delegation appeals over charter flights

Financial Times Reporter

A DELEGATION from Jersey will meet officials from the Home Office and the Department of Trade today to try to overrule a decision to licence a series of charter flights to the island from Gatwick this summer.

The Civil Aviation Authority has granted a licence to Britannia Airways/OSL. Last year the company persuaded the authority to give permission for charters to Jersey, using 130-seat Boeing 737 aircraft, from five UK airports.

Because of the recession and late marketing, only two routes were finally used.

The Jersey authorities and British Caledonian, which flies from Gatwick to the island all year, have appealed against the decision to the Secretary of State for Trade, Mr John Biffen. The appeals are expected to be heard later this month.

Jersey fears that by creaming off some of the summer tourist traffic the charter flights could make the route uneconomic for British Caledonian and for the island's industry.

The Jersey authorities are also worried that in the longer term the Gatwick charters could be the thin end of the wedge, depriving the scheduled airlines of an increasing amount of holiday traffic on what the Channel Islands see as their three "lifeline" routes—from Heathrow, Gatwick and Southampton.

The Channel Islands are in an anomalous position over the licensing of their air routes. The aviation authority is obliged to consult the islands Air Advisory Council about applications which affect the islands, but does not have to take any notice of its recommendations.

BA cautious on Laker route bids

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS will not be bidding for the former Laker Airways routes between Gatwick and New York, Miami, Tampa and Los Angeles. But it will try to pick up additional traffic from the routes. The airline already flies to the four U.S. cities from Heathrow.

Mr Roy Watts, deputy chairman and chief executive, in a message to BA's staff following Laker Airways' collapse last week, said "we are not going after bits of the (Laker) operation that won't pay off quickly, because the name of the game for British Airways in 1982 is cash."

We are emphatically not going to borrow money we don't have in order to buy expensive aeroplanes for low-fare passengers in a cut-throat market. If that sounds like caution, so he it. It could be that, to put it bluntly, is exactly the hole that Laker Airways fell

into. We do not intend to follow them into it, and I think it will be a long time before anybody else in the industry does, either."

But Mr Watts said BA would like to pick up traffic formerly carried by Laker Airways. "In many cases, we can carry a great many extra passengers on our existing services at little more than the marginal extra cost of looking after them in flight."

He said British Airways was not interested in returning to the Manchester-New York operation, "because we couldn't make money on it, and our information is that although Laker Airways took over the route from us, they couldn't make it pay either."

"On the other hand, we are very interested in the Gatwick-Zurich licensed, and we shall apply for it."

He said the company would expand where expansion was financially justified. "We shall replace the present Heathrow-New York TriStar service with a 747 to cope with extra demand, and we also plan to expand our capacity to Los Angeles."

Airports already operate package charters to Tampa, and we don't plan to change that, because we think Tampa is essentially a charter market and not a scheduled service one.

"We shall go hard for the extra business where we can get it profitably, either by filling empty seats on existing services, or using spare flying time on existing aircraft."

Mr Watts hoped that nobody in British Airways "has been so foolish as to rejoice at what has happened; our own financial position gives us little enough cause for satisfaction."

Trident concedes court battle and wins breathing space

Duncan Campbell-Smith examines the London casino scene

THE DEMISE of the British Bunnys will be the most obvious consequence of Trident Television's decision to close two of its three London casinos next week pending hearings in May for fresh licences.

Trident has opted to jettison court appeals against the licensing authorities, which accepted police and Gaming Board objections to the two clubs last October.

If successful, the appeals would have made fresh licences unnecessary. But if unsuccessful, they risked stoking up endless legal fires which Trident might have had difficulty subduing by May.

By closing the clubs on Monday, Trident is hoping to build a secure firebreak—setting three or more dormant months between the putative resumption of the clubs gaming activities and their Playboy past.

It is debatable how much the conduct of the appeals might have done to clarify the mass of legal rulings which provide the gaming industry with a guide to the effective powers of the 1968 Gaming Act.

The other main guide to those powers is the supervision of the Gaming Board. So the second consequence of the Trident decision, is what it suggests about the Gaming Board's attitude to Trident itself and to the present state of the industry in general.

The Gaming Board has withdrawn objections to Trident's Victoria and provincial casinos. No charges of malpractice were laid against them last year—they were merely tarred with the Playboy brush by diot of common ownership.

In granting certificates of consent to Trident to apply for new licences for the Playboy and the Clermont—the direct cue for Trident's closure announcement on Wednesday—the Gaming Board has satisfied itself on four counts.

It has deemed Trident capable of diligence under the 1968 Act and able to conduct gaming fairly and properly. It considers that public disturbances are unlikely to arise from Trident casinos. Above all, it has looked at Trident's character, reputation and financial standing and has concluded that it is a fit and proper entity to join the industry.

The danger for Trident was always that the fact of buying its casinos from Playboy might allow it to have enough to spoil the "fit and proper" label. Lack of gaming management

experience was also a potential problem. Gaming Board fears that Playboy might have escaped any damage by selling out—the basis of one objection to Trident's "fit and proper" status—appear to have been dispelled by the sale price. Playboy received £1.4m less than the £10m which the casinos earned pre-tax in their last financial year.

Trident's recruitment of some key management figures, including a former police deputy assistant commissioner, Mr Peter Neivens, must also have weighed in the board's apparent acceptance of Trident's case that by May, the Playboy and Clermont will have been re-structured.

The licensing magistrates will now accept or reject Trident's applications for licences in May after hearing objections raised by any third party and after considering various factors broadly similar to those already examined by the board.

They may also consider the imposition of special conditions, such as curtailed opening hours, on any licences issued.

The May hearings introduced one new factor—Jemind. Indeed, the Gaming Board itself could even step forward and object to licences on grounds of inadequate demand. Punters in 125 casinos around the country spent £636.7m in the year to last August against £661.5m the year before, but demand in the capital is notoriously hard to forecast or measure.

Wellcome Foundation tops profit league table

By Tim Dickson

WELLCOME FOUNDATION, the medical, veterinary and pharmaceuticals group, is still the most profitable of Britain's top 2,000 private companies, according to Jordan and Sons, the publisher and company information specialist.

In the 1982 edition of Britain's Top Private Companies published yesterday, Wellcome's pre-tax profits for the year to the end of August 1980 are shown at £48.1m. Next comes John Swire and Sons, the transport group, with taxable profits to the end of 1980 of £31.4m, followed by Heron International (motor and motorcycle distribution and petrol retailing) at £13.2m for the 12 months to March last year.

"Littlewoods" which was 2nd in last year's table, has dropped to 5th place with profits of £11.5m in 1980 (down 72.52 per cent). Weetabix just made the top 20 with a 368.9 per cent increase in profits in the year to July 1980.

Britain's Top Private Companies 1982, is available from the UK from Jordan and Sons, House Brunswick Place, London, N1 6EE.

Welsh expansion

DEMAND FOR factory space in Wales has increased significantly in the past year in spite of the recession, according to the Welsh Development Agency. The agency has allocated 165 advance factories amounting to nearly 2.2m sq ft of industrial space, to new tenants in the first six months of the current financial year, compared with 94 in the whole of 1980-81.

Sick notes proposal

THE GOVERNMENT yesterday referred its scheme for workers to supply their own sick notes for periods up to seven days to the Social Security Advisory Committee, the scrutinising body for most social security matters.

The British Medical Association has been advocating self-certification for several years. The Health Department estimates that the new scheme will cut the number of doctors' certificates for fitness from 20m a year to 17m.

Stockbrokers merge

FRANKIE STATHAM and Jeff Stoop, two medium sized stockbroking firms, are to merge. The new firm will be called Statham Duff Stoop and operate from Duff Stoop's offices from March 1.

Glass making revival

Jobs a year ago when the Royal Doulton Webb Corbett cut glass company closed at Tutbury near Derby, yesterday lit a furnace to mark the start of a new company on the old premises. Many of the 32 used their redundancy money to pay for the venture.

Accountancy inquiry

THE ACCOUNTANCY profession has appointed a committee of inquiry to look into matters of public concern which, it believes have been raised by a Department of Trade inquiry into two once-quoted companies, Gilgate Holdings and Raybourne Group.

The department published a long report on its inquiry in September, which reviewed a morass of company law infringements by several firms between 1967 and 1980. It censured a number of executive and non-executive directors involved in the firms' affairs and criticised the firms of auditors, Thornton Baker and Gerald Eastman.

Turbine modification

MODIFICATIONS costing about £500,000 are being made to turbine units at the Central Electricity Generating Board's pump storage scheme at Dinorwic, North Wales.

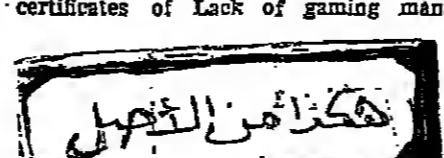
Commissioning trials on the first of the six units resulted in overhauling of the generator and overhauling of the bearings from which the turbine's rotating parts are suspended.

Four Ladbrooke clubs and the Curzon House casino have closed. The Knightsbridge Sporting Club and the Olympic face closure, with legal hearings due on March 15. Maxims could close next week unless the courts are satisfied with the recent review of its company.

The May hearings introduced one new factor—Jemind. Indeed, the Gaming Board itself could even step forward and object to licences on grounds of inadequate demand. Punters in 125 casinos around the country spent £636.7m in the year to last August against £661.5m the year before, but demand in the capital is notoriously hard to forecast or measure.

Trident is expected to post the contraction of the last three years.

INTERNATIONAL METALWORKERS FEDERATION
The International Metalworkers Federation, the Geneva-based co-ordinating body for unions in the iron, steel, auto, aerospace, shipbuilding, electrical and electronics industries, is making available for public sale its special reports produced in 1981. These reports, limited in availability, are published in English, German, French, Spanish and Swedish. The IMF units 170 unions in 70 countries throughout the non-communist world.



Two Law Lords dissent as contempt verdict is upheld

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FIVE Law Lords yesterday disagreed radically on whether Harriet Harman, legal officer of the National Council for Civil Liberties, was in contempt of court when she showed a journalist confidential Home Office documents after they had been read out in open court.

which parties to litigation are obliged to produce all relevant documents. There is an implied undertaking by a solicitor receiving such documents to use them only for the conduct of the case and not for any collateral or ulterior purpose.

Reforms urged for civil courts

A. H. Hermann, Legal Correspondent, reviews the 16th annual report of the Law Commission

A CALL for radical experiments aimed at the removal of waste in time and money in civil courts is made by the Law Commission in its annual report.

The commission, which reports to the Lord Chancellor on law reform, says that not only lawyers but also other users of law should be consulted, and adds "for this purpose valuable help must be obtained from those skilled in the analysis of working methods and administration in commerce."

Fund finds few biotechnology opportunities

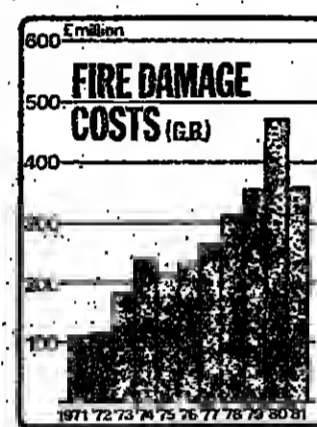
By David Fehlock, Science Editor

difficulty finding sound biotechnology investments for the £25m venture capital fund the bank opened last year. Of a total of \$47.8m (\$25.5m) subscribed to Biotechnology Investments, a Guinness-registered fund, only \$11.6m has been invested so far.

Economic recession brings lower bill for fire damage

BY ERIC SHORT

FIRE losses dropped dramatically last year, mainly because of the decline in economic activity, said Mr George Williams, chairman of the British Insurance Association's fire insurance panel.



Tramp trip shipping index drops

By Andrew Fisher, Shipping Correspondent

FURTHER evidence of the slump in the world shipping industry was given yesterday by the General Council of British Shipping which said its tramp trip charter index was at its lowest for over three years.

N Wales training scheme

BY ROBIN REEVES, WELSH CORRESPONDENT

THE COUNTY of Clwyd, North Wales, has launched an industrial training scheme in association with four large local companies, intended to revive the declining number of available apprenticeships.

six apprentice places, primarily in electrical and mechanical engineering, at each of the four training facilities, starting in September.

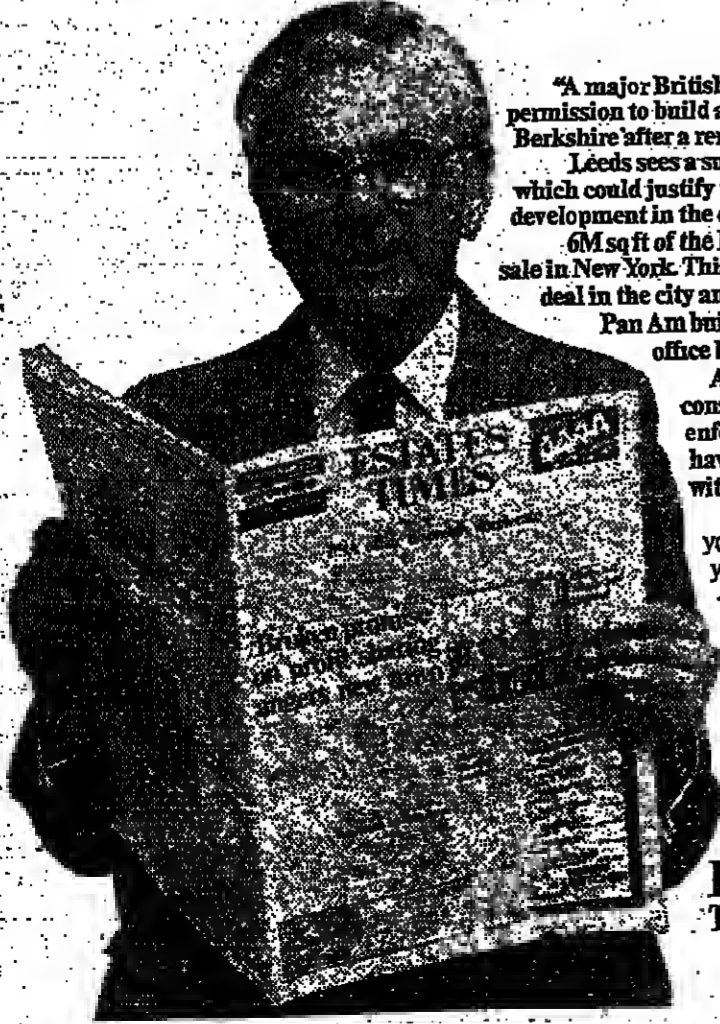
THE GOVERNMENT OF PAPUA NEW GUINEA U.S. \$25,000,000 9 1/2 Per Cent Guaranteed Bonds 1983

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S. \$3,500,000 due 15th March, 1982, has been met by purchases in the market to the nominal value of U.S. \$1,005,000 and by a drawing of Bonds to the nominal value of U.S. \$2,495,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:-

Table with 25 columns of bond numbers ranging from 107 to 24568.

"Good morning FT reader. Here is the property news."



"A major British company applies for permission to build a 180,000 sq ft office block in Berkshire after a rent review in central London. Leeds sees a sudden burst of letting activity which could justify the high level of office development in the city."

On 15th March, 1982, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:- S. G. WARBURG & CO. LTD., 30, Gresham Street, London EC2P 2EB, or with one of the other paying agents named on the Bonds.

ESTATES TIMES The weekly newspaper of business property.





Philip Bassett examines papers which shed new light on the rail dispute

# BR explains how it wants to use drivers' time

**FLEXIBLE rostering** seems an obscure issue for British Rail and the Associated Society of Locomotive Engineers and Firemen to be arguing over. But the increasingly bitter and financially damaging series of strikes.

BR has laid great stress on the importance of securing acceptance of flexible rostering from Aslef in terms of the future of the railways. For its part, Aslef has insisted on maintaining the sanctity of the eight-hour day, guaranteed since 1918.

It has so far been unclear how flexible rosters would work and how they compare with present arrangements. For the first time, BR Board papers being examined by the independent inquiry into the dispute, chaired by Lord McCarthy, give an insight into their proposed operation.

The two tables show present and proposed rosters for drivers at BR's Eastern Region's York depot. The present rosters are all based on eight-hour shifts. While they do contain mixed starting times—for example Week 5 in the table—they tend to vary around a roughly similar starting time.

The flexible rostering arrangements are much more varied, both in their starting times and in the duration of their shifts. Week 8 in the table, for instance, shows starting times in the same week ranging from 7.40 am to 12.11 pm, with shift times varying from seven to eight hours.

The average working week over the eight-week cycle is 39 hours, but the working time varies considerably, from just

over 30 hours to 45 hours. According to another BR paper, though, the effect on payment of drivers should be evened out. Employees will be guaranteed and paid the rate for a 39-hour week.

BR accepts that the flexible arrangements could make it more difficult for drivers to swap shifts among themselves, and BR officials acknowledge privately that one of the effects of the new system will be to cut down on staff moonlighting.

However, BR is confident that, once drivers are working the system, they will see its advantages—mainly in more time off which can be grouped to give a number of days off at a stretch.

Another BR paper, based again on the York depot rostering example, shows, for example, that the instances of the grouping of rest days on Saturday, Monday and Tuesday, or Friday, Saturday and Monday will rise from none at present to 16.

The number of rest days per eight weeks rises from eight to 9.1, and the number of shifts starting at unusual hours—between midnight and 5 am—should fall from 102 to 70.

The paper shows that all 254 present weeks of work range between 35 and 40 hours. Under the new system, this would change to 27-30 hours (1); 30-35 (27); 35-40 (224); 40-41 (28); 41-43 (32); and 43-45 (25).

Aslef members feel that such wide variations, apart from breaking the agreement on an eight-hour day, will considerably increase the time spent at and travelling to and from work, and will cut heavily into workers' spare time.

Current BR practice contrasts

FLEXIBLE ROSTERING—PROPOSED PRACTICE (Table 2)

	Mon	Tues	Wed	Thurs	Fri	Sat	Working time wkd for week					
Week 1	RD*	13.11	7.00	11.08	7.00	10.17	7.00	09.30	8.35	09.30	8.35	38.10
Week 2	13.09	7.00	RD	12.35	8.00	13.50	7.55	12.35	8.00	12.00	8.00	38.55
Week 3	10.00	8.00	10.00	8.00	RD	07.30	8.26	07.30	8.26	10.00	8.00	40.52
Week 4	15.00	8.00	14.48	8.47	14.00	8.00	RD	13.09	7.00	13.30	8.00	39.47
Week 5	07.14	8.31	08.20	8.00	08.20	8.00	08.20	8.00	RD	10.17	7.00	39.31
Week 6	17.25	9.00	17.25	9.00	17.25	9.00	17.25	9.00	RD	RD	RD	45.00
Week 7	RD	ARD†	13.30	8.00	13.09	7.00	13.09	7.00	13.30	8.47	30.47	
Week 8	07.40	7.58	RD	09.30	8.00	13.11	7.00	08.20	8.00	08.20	8.00	38.58

Average 39 hours a week over eight weeks  
RD\* = Rest Day, ARD† = Additional Rest Day

sharply with that of other major European countries, according to the findings in a further BR paper. In all four countries examined—France, West Germany, Holland and Sweden—variable day rostering is normal practice. BR is seeking shift lengths of between seven and nine hours.

BR has also included in its evidence to the McCarthy inquiry a draft agreement on flexible rostering for drivers, which of course has not yet been agreed with Aslef.

In line with agreements already reached for guards, station workers and white-collar staff, the draft agreement says: "To eliminate the maximum amount of unproductive work from footplate programmes, it is necessary to be able to vary their length between the widest limits possible."

The likelihood of Aslef members accepting such an agreement is slim, according to the union. Confidential minutes of a meeting between BR and its three unions last month show that Aslef feel that "the Board proposals were unworkable—this was the view of the men at the depots to whom the proposals had been put."

(Aslef) had never known such strong feeling among its membership and it was quite certain that the footplate staff themselves would not accept flexible rostering. It was not felt that the Board recognised

this strength of feeling." BR believes that Mr Ray Buckton, Aslef general secretary, and Mr Bill Ronskley, then Aslef president, signed in good faith last August's understandings on pay and productivity worked out under the auspices of the Advisory, Conciliation and Arbitration Service.

However, BR officials privately feel that, having done so, the union's two officials were unable to sell the proposals to their tough-minded executive, let alone to the union's members, and that it was Mr Ronskley's signing of the deal which led directly to his being removed from the union's presidency and replaced by Mr Derrick Fullick.

BR thinks that Aslef has not yet produced any sustainable opposition to flexible rostering, beyond the 1919 argument and the level of membership opposition, but hidden behind the fact that the issue has not been fully processed through the industry's machinery of negotiation.

Flexible rostering, rather than the payment of the disputed 3 per cent, is likely to be the key issue facing the McCarthy inquiry. Indications are that if the inquiry favours either side, that side will accept it—but the other may not.

So if BR's future hangs on the question, the outcome of the inquiry may leave it in suspense for some little time yet.

## Plessey sacks sit-in workers at Bathgate

By Mark Meredith, Scottish Correspondent

PLESSEY yesterday dismissed the workers occupying its capacitor plant at Bathgate, near Edinburgh, for the past three weeks in protest against the company's plans to shut the factory.

The company said the dismissal notice meant that workers had forfeited their redundancy pay, which could be over £1,000 for long service employees.

The workers would also lose a week's wages which the company were unable to pay because their administration building had been taken over when payments were to be made.

Plessey wants to close the factory by the end of March because of the dwindling market for capacitors.

But community and trade union support for the sit-in by about 200 workers—mostly women—has been growing.

On Wednesday, about 200 trade union delegates drew up plans for "flying demonstrations" to be barred to the factory gates should Plessey insist that bailiffs be sent to evict the workers.

The company has already won an injunction to reclaim the plant.

## General Accident staff ease action during pay ballot

BY BRIAN GROOM, LABOUR STAFF

SANCTIONS imposed by unions two weeks ago in a pay dispute at General Accident, the leading motor insurer, have been partially lifted while staff vote on a new offer.

The Association of Scientific, Technical and Managerial Staffs, the biggest union with 5,500 members out of the 10,500 staff, is recommending acceptance of the offer which comprises an 8 per cent salary increase and an immediate 1.75 per cent lump sum.

The previous offer, which General Accident had described as final, was a 7.8 per cent pay rise plus a 0.7 per cent lump sum in July as a down payment on future bonus scheme money of up to 2 per cent. The bonus scheme is now scrapped.

The rival Association of Professional, Executive, Clerical and Computer Staff, which represents 1,200, is making no recommendation in its ballot, but is making clear that it considers the offer to be poor. It is preparing selective strikes if the offer is rejected.

Members of both unions have stopped refusing to work by telephone, but are continuing other aspects of their work-to-rule.

At Guardian Royal Exchange, the Banking, Insurance and Finance Union, which represents about three-quarters of the 8,000 UK insurance staff, is recommending acceptance in a ballot of a new offer of 7 per cent plus a 2.5 per cent cash bonus.

## Engineering deals 'low'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PAY SETTLEMENTS of 6 per cent or below have already been achieved by about 75 per cent of member companies, according to the West Midlands Engineering Employers' Association. Many companies have offered nothing or put off the

annual pay review. But Mr William Frost, the retiring president of the association, will warn the annual meeting today that the industry at least faces "a long hard struggle to regain even a modest degree of prosperity."

over 30 hours to 45 hours. According to another BR paper, though, the effect on payment of drivers should be evened out. Employees will be guaranteed and paid the rate for a 39-hour week.

BR accepts that the flexible arrangements could make it more difficult for drivers to swap shifts among themselves, and BR officials acknowledge privately that one of the effects of the new system will be to cut down on staff moonlighting.

However, BR is confident that, once drivers are working the system, they will see its advantages—mainly in more time off which can be grouped to give a number of days off at a stretch.

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The number of rest days per eight weeks rises from eight to 9.1, and the number of shifts starting at unusual hours—between midnight and 5 am—should fall from 102 to 70.

The paper shows that all 254 present weeks of work range between 35 and 40 hours. Under the new system, this would change to 27-30 hours (1); 30-35 (27); 35-40 (224); 40-41 (28); 41-43 (32); and 43-45 (25).

Aslef members feel that such wide variations, apart from breaking the agreement on an eight-hour day, will considerably increase the time spent at and travelling to and from work, and will cut heavily into workers' spare time.

Current BR practice contrasts

ROSTERING—PRESENT PRACTICE (Table 1)

	Mon	Tues	Wed	Thurs	Fri	Sat
Week 1	RD*	11.00	11.56	10.59	09.19	11.08
Week 2	03.31	RD	03.00	03.00	03.00	03.00
Week 3	12.35	12.35	RD	14.00	12.35	14.48
Week 4	05.51	07.40	07.00	RD	07.00	07.00
Week 5	07.40	09.40	09.19	11.08	RD	10.59
Week 6	19.13	19.13	19.13	19.13	19.13	RD

\* RD—Rest Day. Rostered to cover 24 weeks in total

## Murray speaks up for union ties with industry and Government

BY JOHN LLOYD, LABOUR EDITOR

MR LEN MURRAY, the TUC general secretary, gave a sustained, even passionate defence last night of the tripartite principle.

His first support of Government-industry-union dialogue, the main theme of his contribution to the London Business Schools' present series of Stockton lectures, is significant.

It comes at a time when the TUC's continued participation in the major tripartite forum, the National Economic Development Council, is under attack from the Left of the TUC, led by the biggest union, the Transport and General Workers.

Mr Murray said that the NEDC and its sector working parties made up "a valuable

mechanism," though "their potential had not been realised."

"If the NEDC did not exist, then we would have to invent it. That is the minimal argument for the NEDC."

"More important is the constant and regular exposure of Government to the views of both sides of industry, and the possibilities it opens up for encouraging action lower down the line."

He used his speech also to warn the Government that it would "face strong, TUC resistance" if it attempted to scale down or dismantle the Manpower Services Commission after the replacement of Sir Richard O'Brien, the present chairman, by Mr David Young.

Mr Murray said that there was substantial agreement between the CBI and the TUC on some matters, including the key area of profitability, and on the principle of Government intervention.

"Here I would have thought the argument between the TUC and CBI is about the balance to be struck; the option of not intervening at all does not exist. Nor is there a basic disagreement about profitability, either in terms of improving the existing level, or in terms of long-term needs if our assets are to be renewed and improved."

At the heart of his case, he said, was the argument for industrial democracy, which was not merely one about the form it should take.

# Until now, choosing a small business computer was as hard as running a small business.

The difficulties involved in buying a small business computer used to be enough to send most businessmen running back to their offices to tackle something simple like the last six months' tax returns.

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And because you're a businessman, not a computer programmer, a Digital independent computer supplier won't baffle you with technical jargon. On the contrary, you'll be surprised how much he'll know about your business and the specific problems it involves. So he'll be able to explain just what a Digital computer can do for you, in terms you'll understand.

Digital also make the widest range of tried and trusted systems, so whatever your requirement is, we've the hardware to match.

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## Times union rejects talks on cuts 'under duress'

BY IVO DAWNAY, LABOUR STAFF

LEADERS of Times Newspapers' largest union yesterday told management that they were not prepared to negotiate on the company's call for 600 redundancies under the duress of a deadline.

The decision to reject Mr Rupert Murdoch's ultimatum was taken at a meeting of National Society of Operative Printers and Graphical Personnel (Natsopa) officials representing over 1,250 full-time staff and 450 casual workers.

After the meeting the union told the management that the chapels (office branches) had unanimously decided to withdraw from negotiations unless the ultimatum threatening closure of the papers was removed, and a deadline of Thursday for voluntary redundancies lifted.

A senior union official said: "We have come to the firm conclusion that we are not prepared to negotiate on the basis put forward by Mr Murdoch."

However, Times Newspapers remained adamant last night that it was not prepared to withdraw its call for the job cuts and the agreement of voluntary redundancies by 10 am Thursday next week.

"The proposals are vital to the future of company and the deadline has been imposed on us by the rate at which the money is running out," Mr Arthur Britten, director of corporate relations, said.

Natsopa officials returned to Times Newspapers for further talks last night in an attempt to find a way round the impasse.

## BA ramp staff vote to continue action

By Brian Groom, Labour Staff

A MEETING of 2,000 British Airways ramp workers at Heathrow Airport voted yesterday to continue the action over new work schedules which has disrupted flights for the past three days.

But BA again improved its service with the help of pilots and other staff who volunteered, many on their days off, to undertake baggage-loading and other jobs.

BA operated 75 per cent of European and domestic flights, and expects to achieve 78 per cent of departures and 78 per cent of arrivals today.

More talks on the dispute in the National Joint Council for Civil Air Transport took place last night.

## Dockers hold up Thames gates

BY NICK GARNETT, NORTHERN CORRESPONDENT

STRIKING DOCKERS on the Tees are due to hold a mass meeting this morning after talks with the manufacturers of the Thames Barrier floodgates. The men are under pressure to release three of the gates, stranded by the strike.

The 13-week stoppage at Tees Dock has held up vital equipment for a project that has drawn more attention than almost any other construction scheme. The men on strike seek a pay rise in line with inflation and no productivity strings.

The manufacturers and transporters of the 10 gates for the Thames barrier have tried for nearly three months to load up and ship out the final three gates.

Without them the barrier cannot be completed in time for November, leaving the capital vulnerable to the high tides predicted for next winter.

The contractor, a Davy-Cleveland consortium, is fighting to maintain its contractual obligation to Greater London Council and the Ministry of Agriculture to supply the gates.

The issue has been clouded by a claim from Cleveland offshore that Port Clarence on the Tees, where the gates are, is outside the area covered by the dock labour scheme.

The company says that in consequence the relevant loading operation is "not dock work." The Transport and General Workers' Union, representing the 535 dockers on strike, says it is.

Although the port authority made a surplus last year of £2m before tax, Tees Dock lost £2m. Total tonnage it handled, including Datsun cars, steel exports and general cargo, accounted for about 1m tonnes of the 39m handled by the authority as a whole.

Tees Dock received 200 more dockers when Middlesbrough Dock closed in 1980, though about 100 jobs have been shed voluntarily.

The authority originally sought two productivity improvements. One was elimination of "non-jobs."

It refuses to specify what these are, and the union denies such a practice, but it might refer to rostering of some dockers for part of a shift when for a short period a particular element of mixed cargo requires a higher manning level for handling than the rest of the cargo.

Secondly, it looked for tighter manning to tonnage ratios. This, it says, in effect simply means proper application of the 1975 manning arrangements, an update of the 1969 agreement, which were accepted by the union.

Foot says Labour fight 1984 Europe  
Euro-Totals elect Plumb  
Belgian you services

THE PROPERTY MARKET BY MICHAEL CASSELL

Hong Kong rents highest

ALTHOUGH THE breathtaking rent spiral seems well and truly over, the Hong Kong property market still offers the most expensive office floorspace in the world.

With an estimated 6m sq ft of office space likely to be available this year and demand—though still buoyant—looking weaker, rents have hit a peak which may not be breached for a long time. And at least some of the pressures which triggered off the Hong Kong property boom are now being eased with the emergence of several neighbouring areas as office centres in their own right.

Predictions of collapsing rentals and property values have not so far been widely fulfilled and the market appears to have stabilised at present levels.

But whatever the future holds, the current cost of renting a single sq ft of office floorspace in the colony remains at the top of the international league, according to Richard Ellis, the agents and surveyors.

In its latest report on world rental levels, Ellis says the tenant can expect to pay a net rent of just over £30 a sq ft for a prime, 5,000 sq ft office suite in Hong Kong. In second place comes New York, where a period of substantial rental growth has pushed prime rents up to £30 a sq ft.

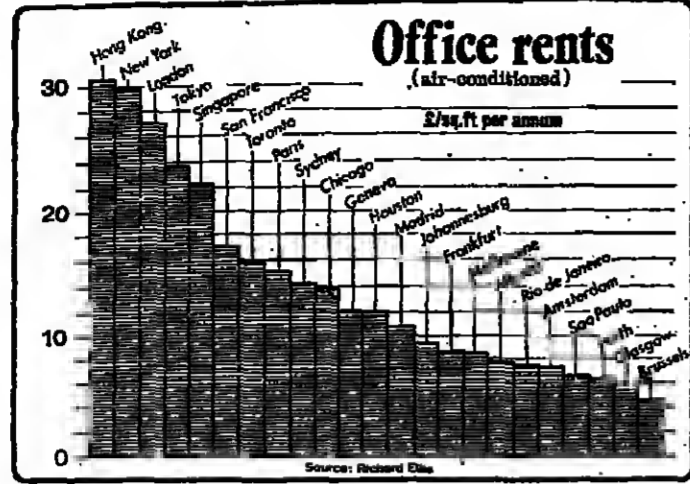
Prime rents in London—which two years ago was top of the international office rental league—are quoted at £27 a sq ft. Behind the UK capital

comes Tokyo (£24), Singapore (£21), San Francisco (£17.50) and Paris (£15.50).

The Ellis figures do not, however, include additional service charges, which have been itemised separately. If these are added, then New York comes out marginally ahead of Hong Kong in terms of total overheads per sq ft. At the other end of the

tion of rent levels around the world and enables executives to see at a glance what they can expect to pay where.

It will be interesting to see if the position changes over the next few months. With much of the steam gone from Hong Kong and with prime London rents expected to grow only steadily towards Ellis' own "£40-£45 a sq ft by 1985" pre-



scale, the cheapest office centres included in the Ellis list of 23 cities are reckoned to be Brussels (£4.50) and Glasgow (£6).

According to John Orton, Ellis partner in charge of research, the report—which takes account of different methods of floor measurement, leases, rates and additional charges—gives a clear indica-

tion, it could be New York which emerges at the top of the next league table. Only a few years ago, it would have been nearer the bottom.

Thirty-three major shopping schemes involving 4.5m sq ft of floorspace opened in Britain during 1981, according to Hillier Parker May and Rowden. This is the highest annual total since 1976.

Bristol finally gets Broadmead extension

AFTER A three-year delay, plans for a £20m extension to Bristol's Broadmead shopping centre have finally been given approval.

The six-acre addition will involve a site bounded by Newfoundland Street, Bond Street and Wellington Road and will include 273,000 square feet of covered retail space, over 50,000 square feet of office accommodation and roof-top parking for 1,000 cars.

The scheme is to be developed by William Cowlin Holdings and the letting agents will be Lalonde Brothers and Farham. Planning delays were caused by uncertainties over local road plans.

A £7m office and retail scheme is to go ahead on 11 acres of railway land in the centre of Gloucester. Following two years of talks, a 71,000 square foot superstore is to be built for Associated Dairies on a 150-year ground lease from British Rail and Britannia (Cheltenham). There will also be a 30,000 square foot office building.

Lamont Holdings has after an inquiry won permission for its £5m shopping scheme on the site of the old Belfast Repwork factory at Cons-water, Belfast. The 90,000 square feet of retail space will include a 50,000 square foot superstore.

Barratt Scottish Properties has purchased a major industrial site in Aberdeen. Formerly owned by Wiggins Teape it is adjacent to Dyce airport and includes a 250,000 sq ft factory warehouse and 50 acres of industrial development land. Barratt plans to build 1m sq ft of floorspace, some of it for Wiggins Teape. Total purchase price involved is about £5.5m. Richard Ellis and Strutt and Parker are letting agents.

CU man to Post Office

"I'M A SIX-CYLINDER man who is only firing on four. I'm 45 and need a fresh challenge."

Fred Reeder, executive director of Commercial Union Properties and chairman of Commercial Union Properties (UK), should be able to put all six cylinders to work over at the Post Office Staff Superannuation Fund, where he is going as director of property investment.

Reeder, a CU man for 28 years, is saying farewell this month to a £700m worldwide property empire and taking over the helm of the £1.1bn-plus property portfolio held by the Post Office, one of the UK's largest public sector pension funds.

He will be replacing David Jackson, who has emigrated to New Zealand but who acts as the Fund's representative in that part of the world. Reeder regards his new appointment as "one half of a challenge" and has no qualms about switching from the private to the public sector.

Commercial Union's property interests have been built up over the years with the aid of several insurance-associated mergers, while the Post Office portfolio, accumulated in little more than 10 years, appears much cleaner and newer.

Reeder, a chartered secretary who qualified as a chartered surveyor in 1973, says that much of Post Office's property interests involve tie-ups with joint companies, where his long corporate, experience will come in very useful.

Scottish market puts on a brave face

The Scottish commercial property scene has hardly escaped the rigours of the recession, although it seems to have fared better than some other sectors of the country's economy.

A market survey by Conrad Ritblat, the agents, highlights the fact that although investment and tenant demand is generally at a low ebb there is still strong institutional demand for prime property investments.

The market appears in many ways to mirror the UK scene with tenant negotiations taking longer and longer, to conclude and rental prospects generally looking dull for the next 12 months.

Conrad Ritblat make the point that investment institutions are taking a fairly phlegmatic view of the current recession, although the agents' assertion that there is "a general mood of restrained optimism" may itself prove to be a trifle over-optimistic.

There has apparently been a general levelling of demand for office space in Scotland, although there have been some major lettings in Glasgow and Edinburgh. The "oil boom" however, is continuing to fuel demand for office accommodation in centres like Aberdeen.

Good quality office space is in short supply in Glasgow and rents at the top end of the market have risen to around £5.75 a sq ft with £8 achieved

in some cases. Rents for poorer quality accommodation have been more vulnerable.

The agents do not, however, expect top office rents in Edinburgh to show much of an increase above the present £5.25 a sq ft level. By comparison, they expect rents for best-located Aberdeen offices—currently around £7 a sq ft—to rise towards £8 a sq ft by the end of this year.

The industrial property market which has been badly hit by the recession, faces the greatest pressures. There is a considerable amount of older factory space depressing the market at a time when industry is holding back investment decisions. The exception to the general gloom, say Conrad Ritblat, is in Aberdeen where the oil industry has stimulated strong demand for industrial accommodation. On the investment side, there have been signs that even the best located estates are not selling as quickly as expected or, indeed, at the quoting prices.

The retail property market is also having its problems in Scotland but the agents say that long term confidence in the retail sector "has been amply demonstrated in recent weeks by the £15m sale of the Woolworth store in Argyll Street Glasgow, and the launch of new stores by Barton and Debenhams in Finnieston Street, Edinburgh."

ANDREW TAYLOR

City of London survey starts facing Page 18

City of London survey starts facing Page 18

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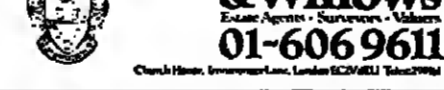
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# FINANCIAL TIMES SURVEYS OFFICE PROPERTY

FRIDAY 19 MARCH 1982

The Financial Times proposes to publish a survey on  
Office Property. The following synopsis outlines the topics to  
be discussed.

**INTRODUCTION**  
This year will prove to be a testing period for the office  
market. Demand for space is still weak in most areas and  
rental growth still trails behind inflation. The brightspots  
and the blackspots. What are the prospects for further  
deterioration if the economy does not revive this year?

**INVESTMENT**  
The problems of the office market have not had a  
significant impact on the investment scene, with prime yields  
remaining firm. There has been some softening in secondary  
markets, but a sustained period of low rental growth will be  
required before the overall yield structure weakens.

**DEVELOPMENT**  
Development activity has tailed off in the wake of the  
recession. Many provincial centres do not currently support  
rentals which justify any wide-scale development programme.  
Industrial developers are still making the pace.

**RENTS**  
A review of office rent profiles around the country and  
prospects for 1982.

**REFURBISHMENT**  
Office development today invariably means the modernisation  
of what already exists, but are good refurbishment opportu-  
nities becoming harder to find and more difficult to justify  
financially?

**OFFICE TECHNOLOGY**  
The nature of office design is being transformed by the arrival  
of high-technology business systems and the need to maximise  
accommodation. The developer is being forced to think much  
more carefully about the likely range and variation of tenant  
requirements.

Planning  
Planning & The Greater London Council  
Office Costs  
Mixed Office-Industrial Space

The remainder of the survey will comprise a review of some  
of the major office markets in the UK:  
The City of London  
The West End of London  
Birmingham  
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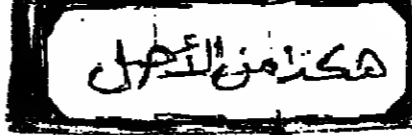
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Vertical text on the right edge of the page, including page numbers and possibly a date.



FT COMMERCIAL LAW REPORTS

Failure to alert basis for estoppel by silence

PACOL LTD AND OTHERS v TRADE LINES LTD AND ANOTHER
Queen's Bench Division (Commercial Court): Mr Justice Webster; February 3 1982

WHERE ONE person fails to bring facts to the attention of another, knowing him to be mistaken as to rights and obligations between the one and the other, and where the circumstances are such that a "reasonable man" would expect him, acting honestly and responsibly, to alert the other to the truth thus preventing him from acting to his detriment, an estoppel by silence or acquiescence arises by which he is prevented from asserting those facts in defence to an action by the other.

On the present preliminary issue as to whether the charterers were estopped from denying that they were parties to the bills of lading, Mr Justice Webster said that he could rely on any one of three different species of estoppel: (1) estoppel by silence or acquiescence; (2) promissory estoppel; and (3) an equitable estoppel not confined to an estoppel affecting rights or interests in land.

The doctrine of estoppel, applied to the facts as a rule of evidence, had the effect that the charterers were prevented from denying the consignees' allegation that they were parties to the bills of lading. Because they were to be treated as parties the consignees had a cause of action against them.

The third species on which Mr Walker relied was what was loosely described as an equitable estoppel not confined to cases involving rights or interests in land.

Mr Justice Webster so held when granting a declaration sought by Pacol Ltd and others, consignees of cargo, that Trade Lines Ltd, charterers, were estopped from denying that they were parties to bills of lading, to an action for damages for breach of contract brought by the consignees against the charterers and R/I St XIV, shipowners.

His Lordship said that the Hebridean Ltd was on a time charter. Three bills of lading acknowledging the shipment of cargo on board the vessel were signed by the Master. Each bill stated that it constituted the contract between the consignees of the cargo and the shipowners.

Those words, read literally, could be treated as being confined to cases of proprietary estoppel. Nonetheless, the dictum was persuasive authority for the proposition that the duty necessary to found an estoppel by silence arose where a "reasonable man" would expect the person against whom the estoppel was raised, "acting honestly and responsibly" to bring the true facts to the attention of the other party known by him to be under a mistake as to their respective rights and obligations.

Those who had already backed Lulav for the Triumph Hurdle were probably justified in feeling disappointed at his inability to peg back the first two horses.

TELEVISION LONDON
Chris Dunkley: Tonight's Choice

Some Americans are worried about the growing number of television series which seem to be following all too swiftly in the wake of the cinema craze for vengeance movies: series which exploit widespread public anger about the ineffectuality of those who abide by the law faced with increasing numbers of law breakers. I am not certain that McClain's Law, starting on BBC1 tonight with a movie-length episode, is just such a series, but the title sounds like a hit.

BBC2's "Playhouse" production is A Shilling Life by Guy Meredith. Julie Covington plays a professional biographer who visits Peterborough (Eric Porter), a successful dramatist of the 1930s and 40s, knowing that before they get to the real story he will talk a great deal.

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: Claude Rains and Fay Wray in "The Clairvoyant". 4.15 Dangerous. 4.30 Razzmatazz. 4.45 Jukes of Piccadilly. 5.15 Square One. 5.45 News. 6.00 The 6 O'clock Show. 7.00 Family Fortunes. 7.30 Hawaii Five-O. 8.30 Shine On Harvey Moon. 9.00 The Gentle Touch starring Jill Gascoigne. 10.00 News. 10.30 Bizarre. 11.00 The London Programme: Sixth Formers—a Political Footnote. 11.35 Thriller. 12.55 am Close: Sit up and Listen with Ian and Jennifer Partridge. † Indicates programme in black and white.

BBC 1
9.00 am For Schools, Colleges. 12.50 pm News After Noon. 1.00 Pehle Mill at One. 1.45 Baggage. 2.02-3.00 For Schools. College. 3.20 Pehle Y. Cwn: 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Think Again. 5.05 Grange Hill. 5.40 News. 6.00 Regional News Magazines. 6.22 Nationwide. 6.45 Sportsweek. 7.00 The Superstars: The final. 8.00 Fame Is The Spur by Howard Spring. 8.50 Points of View with Barry Took. 9.00 News. 9.25 McClain's Law (Pilot for new detective series starring James Arness). 11.00 Face the Music: Quiz with Joseph Cooper (London and South-East only). 11.30 News Headlines. 11.35-11.40 am The Late Film: "The Anniversary", starring Bette Davis, Sheila Hancock and Jack Hedley.

BBC 2
11.00 am Play School. 3.00 pm Bowls: The Embassy World Indoor Championship. 5.05 Flying High. 5.25 The Colour Book. 5.40 "Sherlock Holmes Faces Death", starring Basil Rathbone. 6.45 Heroes. 7.15 Oxford Road Show.

AN IBA Regions as London except at the following times:
ANGLIA
1.20 pm Anglia News. 2.45 Friday Film: "The Blue Knight" (TV Movie). 8.00 About Angels. 7.30 The Fall Guy. 11.00 News. 11.30 Friday Late Film: "The Hand of the Night", starring William Sylvester. 12.55 am 1 Was Reading.

THE FRIDAY MATINEE: "Oath Sentence." 5.15 Emmerdale Farm. 6.00 Chassey Report. 6.30 Clipperton. 7.30 Hart to Hart. 10.25 Chienne Late News. 10.35 Ajourndu. 11.00 France 24. 11.20 Mysterious Tales. 10.45 These 3 Company. 11.15 Continental Cinema: "A Pain in the Arm". 12.25 am News and Weather in French.

GRAMPIAN
9.30 am First Thing. 1.30 pm North News. 2.45 Friday Matinee: "The Promise". 6.15 Square One. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Features Film: "Vampire Circus", starring Adrienne Corri. 12.10 am North Headlines. Road Report.

THE LATE NIGHT FILM: "Crescendo." HTV Cyru/Wales. As HTV West except 11.34-11.45 am About Wales. 12.00-12.10 pm Falaibann. 4.15-4.45 Efforted Yr Afir. 5.30 Y Gwyl. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

GRANADA
1.20 pm Granada Reports. 1.30 Exchange Flaps. 2.00 Take the High Road. 2.30 Friday Matinee: "The Admirable Critchton". 6.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 11.00 Continental Cinema: "Far Adults Only: 'Dirty Money'".

THE TSW NEWS HEADLINES. 2.45 Oath Sentence. 4.12 Cosmopolitan. 4.15 Emmerdale Farm. 6.00 Today South-West. 8.30 What's Ahead. 7.20 Hart to Hart. 10.32 TSW Late News. 10.35 Callback. 10.40 Myrattoria Tales. 10.45 These 3 Company. 11.15 Continental Cinema: "A Pain in the Arm". 12.25 am South-West Weather.

BORDER
1.20 pm Border News. 2.45 Film: "Interviu" starring Marie Ibaron. 6.00 Lookaround Friday. 6.30 The Hollywood. 7.30 The Fall Guy. 10.30 The Fall Guy. 11.30 Bizarre. 11.30 Border News Summary.

THE TSW NEWS HEADLINES. 2.45 Oath Sentence. 4.12 Cosmopolitan. 4.15 Emmerdale Farm. 6.00 Today South-West. 8.30 What's Ahead. 7.20 Hart to Hart. 10.32 TSW Late News. 10.35 Callback. 10.40 Myrattoria Tales. 10.45 These 3 Company. 11.15 Continental Cinema: "A Pain in the Arm". 12.25 am South-West Weather.

CENTRAL
1.20 pm Central News. 2.45 Murder and Mystery: "The Girl on the Train". 3.00 News. 3.30 The Fall Guy. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation to Terror. "I Don't Want to Be Born". 11.30 News. 11.35 Continental Cinema: "Pleasure". 12.55 am Barney Miller.

THE TSW NEWS HEADLINES. 2.45 Oath Sentence. 4.12 Cosmopolitan. 4.15 Emmerdale Farm. 6.00 Today South-West. 8.30 What's Ahead. 7.20 Hart to Hart. 10.32 TSW Late News. 10.35 Callback. 10.40 Myrattoria Tales. 10.45 These 3 Company. 11.15 Continental Cinema: "A Pain in the Arm". 12.25 am South-West Weather.

CHANNEL
1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.45

THE TSW NEWS HEADLINES. 2.45 Oath Sentence. 4.12 Cosmopolitan. 4.15 Emmerdale Farm. 6.00 Today South-West. 8.30 What's Ahead. 7.20 Hart to Hart. 10.32 TSW Late News. 10.35 Callback. 10.40 Myrattoria Tales. 10.45 These 3 Company. 11.15 Continental Cinema: "A Pain in the Arm". 12.25 am South-West Weather.

RACING BY DOMINIC WIGAN

LULAV will be well backed for the Triumph Hurdle at Cheltenham if he wins today's Stroud Green at Newbury. His stable mate, Broadwood, won last year's Newbury race and became the shortest-priced Triumph Hurdle favourite since Attivo.

Lulav has had just two races to date over the minor obstacles. He impressed on his debut at Kempton on January 22, holding off his persistent challenger, HZ.

He then appeared to have his limitations exposed as he went down, albeit narrowly, to Gaye Brief and Ryeman in Doocesters Rossington Main Novices Hurdle.

RACING BY DOMINIC WIGAN

There is likely to be little in it, and it is with more hope than content that the late Steve Hussar to give 5lb to Dr Steve, who proved himself about 11lb behind Goldspun at Leicester recently.

For the afternoon's best bet, backers are probably best advised to wait for Musso in the Hag Whisky Novices' Hurdle qualifer an hour later.

NEWBURY
1.30—Last Argument
2.00—Lucky Call
2.30—Brave Hussar
3.00—Mr Gumbois\*\*
3.30—Musso\*\*
4.00—Lady Martha\*
4.15—AYR
1.15—Mr Rafferty
2.15—New Formula
4.15—Super Solo

RADIO

RADIO 1
6.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Pegg. 9.00 News. 10.00 Paul Burnett. 11.00 News. 11.30 News. 12.00 The Friday Rock Show (S).

RADIO

RADIO 2
6.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 10.30 Gilda (S). 11.00 News. 11.30 News. 12.00 The Friday Rock Show (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 News. 8.05 This Week's Composer: Beethoven (S). 10.00 Macollin Bilson (S). 10.30 John Allister (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Prom, part 2 (S). 2.00 News. 2.05 News. 2.35 Busch Quartet Plays Beethoven. 3.20 Stravinsky and Tippett concert (S). 4.00 Concert Evening (S). 4.25 News. 6.00 Mainly Folk (S). 7.00 News. 11.05 Great Families of Britain.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.20 Shipping Forecast. 6.30 News. 6.35 News. 6.45 News. 6.55 News. 7.00 News. 7.05 News. 7.15 News. 7.25 News. 7.35 News. 7.45 News. 7.55 News. 8.00 News. 8.05 News. 8.15 News. 8.25 News. 8.35 News. 8.45 News. 8.55 News. 9.00 News. 9.05 News. 9.15 News. 9.25 News. 9.35 News. 9.45 News. 9.55 News. 10.00 News. 10.05 News. 10.15 News. 10.25 News. 10.35 News. 10.45 News. 10.55 News. 11.00 News. 11.05 News. 11.15 News. 11.25 News. 11.35 News. 11.45 News. 11.55 News. 12.00 News. 12.05 News. 12.15 News. 12.25 News. 12.35 News. 12.45 News. 12.55 News. 1.00 News. 1.05 News. 1.15 News. 1.25 News. 1.35 News. 1.45 News. 1.55 News. 2.00 News. 2.05 News. 2.15 News. 2.25 News. 2.35 News. 2.45 News. 2.55 News. 3.00 News. 3.05 News. 3.15 News. 3.25 News. 3.35 News. 3.45 News. 3.55 News. 4.00 News. 4.05 News. 4.15 News. 4.25 News. 4.35 News. 4.45 News. 4.55 News. 5.00 News. 5.05 News. 5.15 News. 5.25 News. 5.35 News. 5.45 News. 5.55 News. 6.00 News. 6.05 News. 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BOND DRAWINGS

NOTICE OF FINAL REDEMPTION REPUBLIC OF AUSTRIA 6% Bonds 1982

Holders are reminded that the final redemption of these Bonds will be effected on 15th March, 1982 at the offices of:-

S. G. WARBURG & CO. LTD., 30, Gresham Street, London EC2P 2EB,

or at any of the other Paying Agents named on the Bonds.

Interest will cease to accrue on the Bonds on and after 15th March, 1982.

The following Bonds previously drawn for redemption on the dates given below, have not as yet been presented for payment.

Table with columns for bond numbers and dates, listing various bond series and their respective redemption dates.

30, Gresham Street, London EC2P 2EB.

12th February, 1982

THE MORTGAGE BANK OF THE KINGDOM OF DENMARK (Kongeregnet Danmarks Hypotekbank) 5% U.S.\$ Bonds of 1984 Series XIX

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.\$800,000 has been met by purchase in the market to the nominal value of U.S.\$458,000 and by a drawing of Bonds to the nominal value of U.S.\$342,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:-

Table with columns for bond numbers, listing specific bond identifiers for the Danish mortgage bank.

On the 15th March, 1982, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD., 30, Gresham Street, London EC2P 2EB

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th March, 1982, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.\$1,500,000 nominal amount of Bonds will remain outstanding after the 15th March, 1982.

30, Gresham Street, London EC2P 2EB

12th February, 1982

NOTICE OF REDEMPTION EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.) 6% 20 Year Bonds of 1967 due 1st March, 1987

The Commission of the European Communities informs all Bondholders that a selection by lot for principal amount of U.S.\$1,383,000 has been made for redemption in the presence of a Notary Public.

Table with columns for bond numbers, listing the results of the random selection for redemption.

Principal amount of Bonds purchased: U.S.\$317,000 Principal amount called for redemption: U.S.\$1,700,000 Principal amount unamortised after 1st March, 1982: U.S.\$8,000,000

The Bonds selected by lot will be reimbursed on or after 1st March, 1982, with the coupon due 1st March, 1982, and following in accordance with the terms of payment mentioned on the Bonds.

The following Bonds previously drawn for redemption on the date given below have not as yet been presented for payment:-

Table with columns for bond numbers, listing bonds not yet presented for payment.

Luxembourg

12th February, 1982

COMPANY NOTICES

CANADA-UNITED KINGDOM FREIGHT

NOTICE TO IMPORTERS IN THE UNITED KINGDOM... Customs Clearance Charges by the D.V. Importers...

Preparation, presentation and lodging of private customs entries... PDS 20.00

Adjustment fee... PDS 12.00 per entry

Presentation and lodging of private customs entries... PDS 13.00 per entry

House-to-house containers... PDS 18.88 per container

Atlantic Container Line G.I.E. Canadian Pacific Steamships Ltd. Canadian National Steamships Co. Ltd.

12th February 1982.

REGIE NATIONALE DES USINES RENAULT

7 1/2% Lebanese Pounds Bonds due 1985

Numerical list of the series including the 5,000 bonds drawn by lot and making up the entire LL 5,000,000 nominal amount to be redeemed on March 15, 1982.

First and last numbers of the series

8,164 to 18,163

Each of these bonds is repayable at LL 1,000 at the offices of the following banks:

- Banque Bruxelles Lambert S.A., Bruxelles
Banque Audi S.A.L., Beyrouth
Kuwait Investment Co. S.A.K., Kuwait
Credit Lyonnais, Paris
Banque Bruxelles Lambert (Suisse) S.A., Genève
Banque Internationale à Luxembourg, Luxembourg.

NOTICE OF REDEMPTION MORTGAGE BANK OF FINLAND OY 8 1/2% 1971-1986 US\$15,000,000

Holders of the abovementioned loans are hereby informed that the principal instalment of U.S. \$1,500,000, due 15th February 1982 has been fully repaid...

Bonds are available at:- S. G. WARBURG & CO. LTD., 30, Gresham Street, London EC2P 2EB.

These Bonds will be redeemable at par on and after 1st February 1982 with all unamortised coupons attached thereto.

12th February, 1982.

Notice to Holders of A/S EKSPORTINANS

U.S. \$50,000,000 11 1/2% Notes Due 1987

Notice is hereby given that pursuant to paragraph 3(b) of the Notes, A/S EKSPORTINANS has purchased U.S. \$8,000,000 aggregate principal amount of the subject Note during the period beginning 15th January 1981 and ending 15th January, 1982...

Credit Suisse Frd Boston Limited Purchase Agent

12th February, 1982.

BANQUE FRANCAISE D'COMMERCE EXTERIEUR International Bonds 6% Due March 15, 1982of U.S.\$20,000,000

We inform the Bondholders that the March 15, 1982 coupon instalment of U.S.\$1,000,000 has been paid by purchase in the market.

TELEFONAKTIEBOLAGET L M ERICSSON 4 1/2% Loan 1986

S. G. WARBURG & CO. LTD. announce that the redemption instalment of U.S.\$1,200,000 has been met by purchase in the market.

PAKSEAL INDUSTRIES has received an order worth more than \$500,000 from Express Newspapers for 28 Hall Monitor counter stacker machines.

WENTGATE ENGINEERS has received orders for equipment worth around \$350,000. About \$170,000 worth of the orders are for electron beam welders which will go to export markets.

MYSON FANS, Colchester, has an order for \$250,000 worth of large axial flow fans for the Middle East. The fans, which are for the radiator cooling diesel engines, are coupled to 1 and 2 MW alternators.

A contract worth £120,000 a year to supply parts for Black and Decker's new product range has been won by a member of the H. A. Light Group.

GEC-GENERAL SIGNAL has a contract worth £100,000 for the principal sub-contractor to Danish Process Control in what is believed to be the largest offshore turn-key communications project ever undertaken.

PLESSEY RADIO SYSTEMS, West Leigh, has secured a £1m contract to supply PRD 1100 radio relay equipment for Danish gas platforms in the North Sea.

An order for two McMICHAEL TV standards converters has been received from Fibar Electronics for eventual supply to TV Espana for coverage of the World Cup in June and July.

The difference between knowing your market and winning the business. You can get to know the market through desk research and advertising.

USSR and Far East markets. Our knowledge of your market puts you in touch with some of the world's best-attended shows, which your prospective customers rely on to make their buying decisions.

To realise the full potential of IIF shows in the UK and overseas, simply contact John Legate, Industrial & Trade Fairs Ltd, Radcliffe House, Blenheim Court, Solihull, West Midlands, B91 2BG. Telephone: 021-705 6707. Telex: 337073

When help is needed, call on the help of his dependant.

A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers, ex-soldiers and their families in distress.

DEFENCE DIRECTORATE OF YORKS HQ LONDON SW15 4SF

APPOINTMENTS

Cadbury Typhoo posts

Mr John Perkins becomes sales director of CADBURY TYPHOO and Mr Geoffrey Hancock has joined the company as marketing director.

Mr M. Jaegerman has resigned from the board of SPANELCO. Mr J. Barak and Mr W. Barak have ceased to be directors.

Mr J. Harris has been appointed to the board of Brush Electrical Machines, Loughborough.

Mr Peter J. A. Robinson has been appointed general manager of the newly-created export and contracts group of the CO-OPERATIVE WHOLESALE SOCIETY.

Mr J. Legge and Mr Robert E. Rankin have been appointed to the main board of WILLIAM SINDALL.

Following the resignation of Colonel J. M. Hopkinson (chairman), and Mr P. F. Jackson (managing director), AUTO-MATE BUSINESS MACHINES has appointed Mr Robert H. Linton as chairman and managing director.

ARTHUR BELL AND SONS has appointed Mr Ronald E. Weeks as marketing director from May 10. Mr Weeks is currently managing director of Grants Wine and Spirit Merchants and was previously marketing director of Grants of St James's.

Mr Jim Carr has been appointed treasurer of Euro-roughs/Africa, a division of the BURROUGHS CORPORATION. He was previously with

decoders, which the company claims will ensure exceptional quality for all the 77 countries worldwide receiving television coverage direct from Spain.

A contract worth £120,000 a year to supply parts for Black and Decker's new product range has been won by a member of the H. A. Light Group.

GEC-GENERAL SIGNAL has a contract worth £100,000 for the principal sub-contractor to Danish Process Control in what is believed to be the largest offshore turn-key communications project ever undertaken.

PLESSEY RADIO SYSTEMS, West Leigh, has secured a £1m contract to supply PRD 1100 radio relay equipment for Danish gas platforms in the North Sea.

An order for two McMICHAEL TV standards converters has been received from Fibar Electronics for eventual supply to TV Espana for coverage of the World Cup in June and July.

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CONTRACTS AND TENDERS

INVITATION TO TENDERERS

REPUBLIC OF THE GAMBIA

MINISTRY OF AGRICULTURE

JAHALY - PACHARR SMALLHOLDER RICE PROJECT

The Government of the Republic of the Gambia experts to receive loans and grants from the African Development Fund (ADF), the International Fund for Agricultural Development (IFAD), the Government of the Federal Republic, channelled through Kreditanstalt für Wiederaufbau (KfW) of Germany and the Government of the Netherlands for the construction of the Jahaly - Pacharr Smallholder Project.

Tenders are invited from qualified Contractors who are registered in The Gambia or any of the Member States or Participating States of the ADF, for the construction of the project. The project is situated on the South bank of the Gambia River near Georgetown. The project works consist of some 20 km of irrigation canals, 60 km of drains, 50 km of access and field roads, 25 km of flood protection dikes, the related structures and 560 ha of land levelling. Also included are 1 large and 4 smaller pumping stations with their mechanical equipment, 9 staff houses, office building, workshop, tractor shed, 2 stores, etc., preparation of servicing and maintenance specifications for installed pumps and related equipment.

Tender documents can be obtained between 21 February and 7 April 1982 from the consulting engineers: EUROCONSULT B.V. P.O. Box 441, 6800 AK Arnhem, The Netherlands Tel: 085-513181, ext. 389. Telex 45097 EURO NL Bank account 55.50.52.051 ABN, Utrecht, The Netherlands Ref. Gambia co. 5.27.008.

The cost of tender documents is the equivalent of 1,000 Dalasis in convertible currency. Tender documents will be forwarded to interested contractors after receipt of the amount as a bank transfer or bankers cheque. Freight charges to be paid by recipient.

Tenders are to be delivered to the Secretary of the Major Tender Board of the Ministry of Finance and Trade, in Banjul, The Gambia, not later than noon on 7 May 1982.

ISLAMIC REPUBLIC OF PAKISTAN HYDERABAD WATER SUPPLY AND SEWERAGE PROJECT

PREQUALIFICATION OF CIVIL ENGINEERING CONTRACTORS

The Hyderabad Development Authority invites applications from registered and experienced civil engineering companies for prequalification in bid for the construction works associated with the provision of water treatment works at 135,000 m3/day (30 million gallons per day) capacity in the city of Hyderabad, Pakistan.

Applications for pre-qualification must be made at the prescribed forms which, together with further information about the works, can be obtained from the Office of the Authority's Consulting Engineers, O. BALFOUR & SONS, P.O. Box 1033, Lyttelton, Hyderabad, Pakistan, upon written request.

The closing date for receipt of applications for pre-qualification will be 15th April 1982.

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YOUNG VIC, 42 (2 parts), 828 8325. MINT, 15, St. James's Place, W.1. Tel: 754 1230. KING LEAR, 15, St. James's Place, W.1. Tel: 754 1230.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The fresh ingredient in a winning strategy

Northern Foods' growth has been constant, but not always smooth. Ian Rodger reports

IT IS a remarkable company that can admit to having made a number of mistakes in its efforts to diversify...

Table with 3 columns: By activity, Turnover, Trading profit. Rows include Milk and dairy products, Meat products, Milling and baking, Brewing, Other.

AUSTERITY is a lifestyle at Northern Foods—the small head office staff of 12 is squeezed into a nondescript building in the centre of Hull.

same week of the previous year. "This is our fire-fighting report," says Jack Clayton, the finance director.

expansion by acquisition could only take place outside Britain and, in particular, in the U.S. They have looked at other big food businesses in the UK...

expansion by acquisition could only take place outside Britain and, in particular, in the U.S. They have looked at other big food businesses in the UK...



Nick Horsley in the fashionable business of producing short-life food products.

But that has not stopped Northern's directors from looking for more acquisitions. Last month, they made their second biggest buy ever, paying \$69.1m (£36.8m) for Keystone Foods...

executives of their operating companies get on with running their businesses. And from their unhappy experiences with diversification...

have increasingly become willing to pay a premium for private brands of fresh food. The particular market on which Northern concentrates.

products in its food section," Haskins says. "But it eliminates 100 and adds 100 every year. It is a fashion business, to some extent."

finance director says. "The three of us expect to be here for quite a while yet. "But we have taken on about 30 graduates in their 20s and they are people we think we can help."

Last year, U.S. pigs were in short supply, causing prices to rise and in turn making pork and ham uncompetitive with other meats. Profits tumbled.

Its UK capital spending budget this year is £35m. The takeover that seems best to typify the company's style was that of Park Cakes...

group's increasing specialisation in short-life products is that existing parts of the business that don't fit should be disposed of.

Management abstracts

Balancing work and family life. B. S. Greiff + others in Outlook (USA), Jun 81. Considers difficulties faced by executives in making "trade-offs" to reconcile career aspirations with family life...

change risk. L. Jacque in Journal of International Business Studies (USA) Spring/Summer 81. Reviews the literature on foreign exchange risk management, including studies on exchange rate forecasts and measurement of risk exposure...

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each...

wants rather than at what the market actually requires; quotes anonymous examples to show why "consumer pull" must precede "technology push"...

EXECUTIVES, it seems, have never before had a better opportunity of boosting their pay packets. In spite of the recession — or perhaps because of it — an increasing number are being offered bonus payments to achieve better results.

argue that there is something wrong if an executive's only gives a better performance when offered an incentive. However, while the decision about whether bonus payments are desirable or appropriate depends broadly on management style...

executive bonus plan arise from the immediate operating problems of a business — for example when results are poor or, as in 1982, there is national pressure to keep basic salary increases to a minimum...

The guide says that once a company decides to introduce a bonus plan there are various issues which have to be decided. Among them are the ways success is measured, target setting, frequency and the form of reward (cash or shares or both)...



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he lost his reason. He has been with us ever since he was invalided home. Sometimes in hospital, sometimes in our Convalescent Home — wherever he is, we look after him. One day, he'll probably enter our Veterans' Home for good, still thinking that the next man in the street is about to attack him.

Every year brings in more and more deserving cases like Sergeant J'n'k'n. For those who are homeless and cannot look after themselves in the community, we provide permanent accommodation in our Hostel.

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THE ARTS

Coliseum

The Flying Dutchman

by MAX LOPPERT



Josephine Barstow as Senta

Extreme immediacy of impact has clearly been the overriding goal of the new Flying Dutchman, conducted by Mark Elder...

Unlike recent Dutchmen at Bayreuth and (according to report) New York, in which the libretto was rewritten to reflect a producer's concept...

the preference of recent decades for a neurotic or even a nutcase heroine, though suggested rather than rigidly asserted...

Many details raise questions, even hackles. (What function do the wing sails serve in the structure of Daland's house?)

Bailey sounded, under pressure, a touch woolly of tone; though the notes were all securely placed, few of them had the needed cutting edge.

BFI backs the regions

The BFI has provided for substantially increased financial support for film and television in the regions in its allocation of the 1982-83 Government grant of £7,014,000.

Beware dragons

by WILLIAM RODGERS, MP

Winter of our Dreams (X) The Lane, Odson, Kensington. Screen on the Green Dragonlayer (A)

In a week marked more by quantity than quality, who remembers the name of Sir Crawford Whitford Griffin Eady, GCMG, KCB, KBE?

But what about the current plight of the single-screen, so-called "Commercial-Art houses," particularly hard-hit by the recession...

Bush

The Number of the Beast

by MICHAEL COVENEY

The letters of Nero's name and the title of Caesar, given their numerical meaning in Hebrew, added up to the number of the beast in the book of Revelation, 666.



Leonard Burt

The piece was originally presented by the RSC in 1974, but this new version is not only a vast improvement, it finally eschews incomprehensibility and offers a discernible look at the nature of the early 20th-century endeavour more respectfully represented in the work of Yeats, Lawrence and Freud.

gendarme of the mountaineer disaster at Kanchenjung and a railway station farewell between Yeats and Maud Gonne which Crowley interrupts to kick the Irish poet twice on the backside.

Examination of the score seems to reinforce rather than contradict, that first, hasty impression: this is not keyboard writing by a composer who feels the piano in his bones.

Elizabeth Hall

Davies's piano concerto

by DOMINIC GILL

Another major Peter Maxwell Davies performance following hard on the heels of the second British performance of the symphony No. 2 in Manchester last Sunday...

With the excitement of the second symphony still ringing in the ears, the sonata seems by comparison not merely a puzzling and hermetic work but almost crudely fashioned.

but I was overwrought touched by it. It has not the headlong impetus or dramatic force of such an album as similarly "pianistic" work as the Barrow sonata, parallels with late Beethoven, with whom a certain inspirational kinship is indeed claimed, seem far-fetched.

Pruslin delivered the sonata with fine grip and authority, and no more than a degree less than ideal panache. The evening ended with a revival of Davies's Revelation and Fall—the tale of the screaming nun which initiated the famous series of expressionistic theatre-works of the late 1960s.

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The Arts Council is to make Housing the Arts grants totalling £600,000 over the next five years towards the cost of improving and extending facilities at the Grand Theatre, Swansea.

£600,000 grants for Grand Theatre, Swansea

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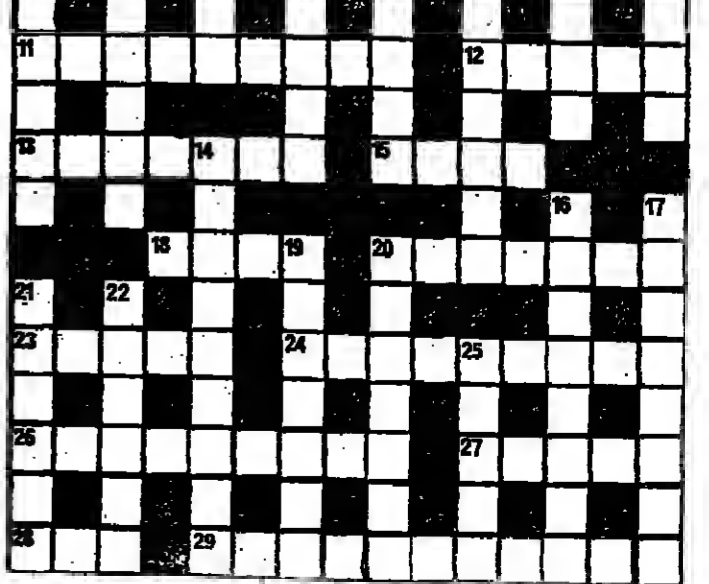
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F.T. CROSSWORD PUZZLE No. 4796

- 1 She left without a trouncing (11)
2 Rasher sailor returning to steer (5)
3 Where one may get mixed iced for a meal? (9)
4 Tinker for luck it's said (9)
5 Deliberately avoid woman holding a notice (5)
6 Bribed, however, in aviaric (7)
7 Learner taking gas in den (4)
8 Give a new face to state politician (4)
9 Soldier in uniform? (7)

- 19 Excuse in front of the contents of a book (7)
20 Drive back soldiers with a beating (7)
21 New French article employed (6)
22 Arrange to establish order (6)
23 South-west wind and sun to change (5)

Solution to Puzzle No. 4795
DUBITIS CATSPUR
RERE VTR
NOMINAL PATRIOT
DNWKASIEP
DEADWEIGHTHEM
ETRCLE
SPRAT EGGSHILL
NLEOQ
LONGTERR LAGER
RAEDA
BEAN MANICURIST
B T A T B T
FILLING LEGATEE
NEXITOR SITREIAM



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Friday February 12 1982

## THE ASLEF STRIKES

# Why British Rail needs to win

By John Elliott, Industrial Editor

## Deadlock in Indochina

THE Foreign Ministers of South-East Asia's non-communist countries are worried, as Lord Carington will have discovered on his current trip. Peace in Indochina seems as far away as ever. Three years of diplomatic, political and economic siege of Hanoi have achieved virtually nothing, except perhaps to make its rulers more inflexible. "Bleeding Vietnam white" is not working. Vietnamese troops remain in Kampuchea three years after the invasion, supported by the Russians and apparently containing the challenge from the Khmer Rouge guerrillas operating from their jungle sanctuaries on the border with Thailand.

who for the past three years have swallowed hard and voted for the Khmer Rouge at the United Nations, largely to defend the principle that no country has the right to take another by force. Attempts are now being made to revive the talks on a coalition. Both Thailand, which is trying to set up further negotiations in Peking, and Singapore are understandably anxious to keep the initiative alive. Malaysia, Indonesia and the Philippines, however, have warned that they may withdraw recognition from the Khmer Rouge unless the non-communist Khmer groups are given a significant role in a united front before this year's UN vote.

### Open split

Worse, there are now signs that Vietnam's occupation of Kampuchea, until recently an issue which galvanised and united ASEAN, is beginning to divide it. There is now an open split between the countries which regard Vietnamese and hence Soviet hegemonism in South-East Asia as the main threat to the area (Thailand and Singapore) and those which are much more concerned about the long-term spread of Chinese power (Malaysia and Indonesia).

### Another offensive

But stability in South-East Asia will also hinge on a modus vivendi between communist Indochina and non-communist ASEAN. The two sides will have to talk sometime: why not now before another dry season offensive on the Thai border?

Vietnam's economy while helped by a good harvest, is in a mess and costing the Soviet Union anything up to \$6m a day. There are signs that Hanoi is increasingly worried about its dependence on Moscow and is beginning to look to the West for aid. A small olive branch from ASEAN to the Vietnamese may be timely. ASEAN would lose nothing by such a gesture and, if Hanoi's pledges of peaceful coexistence with its neighbours are more than just empty rhetoric, it may gain a great deal.

## Law reform needs a new push

The archaic ways of English justice are notorious. They are enjoyed by those who are part of the system and detested by those who suffer its delays or are denied justice because they cannot afford its costs. Calls for reform appear from time to time but die quickly stonewalled by the profession and smothered by the indifference of political parties which tend to treat law reform as a technical issue of no great electoral appeal.

five commissioners' own choice, but the obvious priority given in specific problems as opposed to broad issues benefiting the entire administration of justice, such as the reform of procedure, and the simplification of statute law, seems questionable.

### Greater certainty

Business decisions cannot wait for the result of test cases. Much litigation could be avoided if it were possible to establish what the law says faster and with greater certainty than at present. Different methods of interpreting statutes employed by different courts and even individual judges are another cause of uncertainty and unpredictability, as we were recently reminded by contradictory decisions regarding tax avoidance and the admissibility of appeals from arbitration awards. It seems particularly unfortunate that when the Law Commission used its scarce resources for producing a report on the interpretation of statutes, this has had no practical effect over the past 12 years. The resulting Bill was passed by the Lords but failed to proceed in the Commons.

The Law Commission has experienced difficulties with the implementation of even such obviously useful and uncontroversial projects as the consolidation of statutes. It has now developed a method of pre-consolidation amendments which should facilitate the passage of the consolidated Act. It is very much to be hoped that rapid progress will be made with the consolidation of company law.

### Continuing process

Law reform is a continuing process which takes place on several levels. It is moving too slowly and not always on the levels where it is most urgent. Although complaints abound, there is not enough momentum behind reform, either from industry or from politicians. Industry and other interested sectors should say clearly what their needs are. Politicians should provide for a procedure which would set uncontroversial, technical Bills through parliament quickly and provide parliamentary time for law reform projects which need fuller debate.

THE LONGER the railway strikes continue, the more vital it becomes for British Rail to win copper-bottomed productivity agreements from Aslef, the train drivers union.

Daily the stakes are rising in both political and financial terms as losses mount and customers switch to road and air travel, so hitting both British Rail's current finances and its justification for a massive modernisation programme.

There is no significant wish in Whitehall radically to cut back on the railway system—although the railways will always have their detractors in certain parts of the Treasury and the Conservative Party.

But there is a determination to make the railways pay for their mistakes and to make them earn the right to fresh investment through productivity and efficiency improvements. So unless some quite miraculous efficiency gains are produced rapidly in the wake of the present strikes, British Rail will be forced to introduce fresh economies to help pay for the longer-term costs of the strikes and will have to fight harder for investment funds.

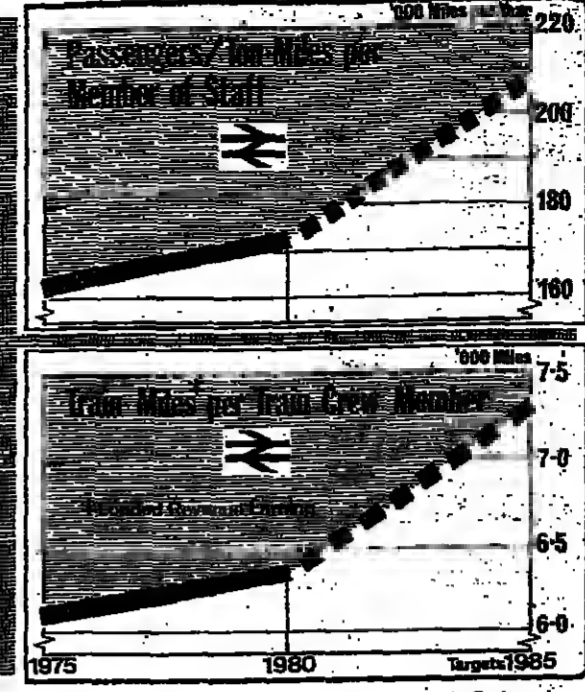
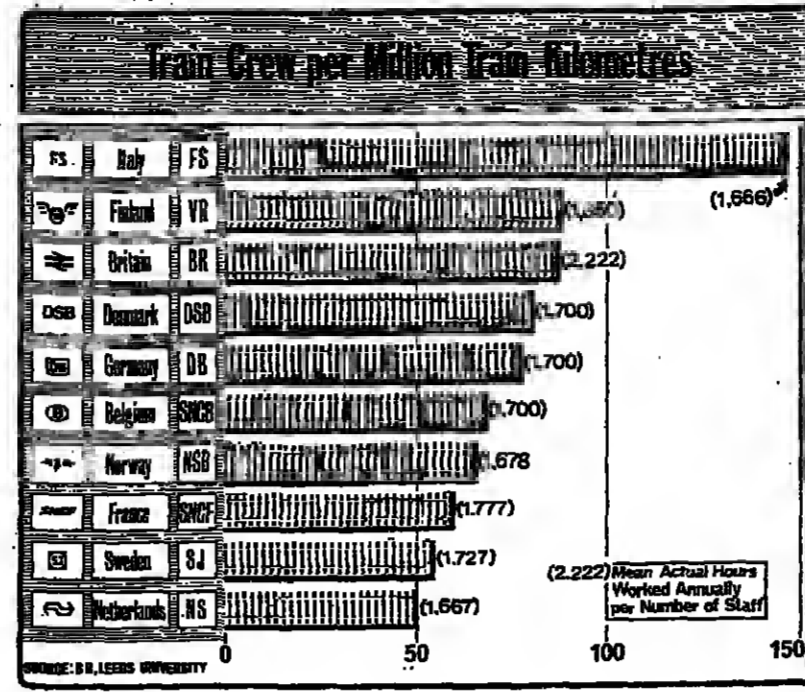
For the time being however, British Rail is being supported by Ministers and civil servants and it is coming under no pressure to change its tactics. It is almost certain that the Transport Department and the Treasury will adjust both its short-term borrowing limit of £100m in a couple of weeks' time and then its current 1981-1982 external financing limit of £920m to offset the losses—now standing in excess of £60m—incurred during the strike. That will leave any longer-term losses in 1982-83 to be played for once the terms of a settlement are seen.

The Government is pleased and highly relieved that, despite the perpetual protests of Mr Ray Buckton, Aslef's general secretary, the strikes have not escalated into a political crisis and that there are no reports of serious industrial effects.

A survey conducted by the Confederation of British Industry in the past two days shows that the new strike days have had little extra effect on industry, which is generally coping with little trouble. Hardly any companies have contacted CBI offices about problems, although there is some concern that postal delays are slowing down arrivals of cheques and there are some possible problems with coal stocks.

There will also clearly be a considerable bill to be picked up later when the costs of finding alternative forms of transport and of rescheduling production lines are totted up, but for the time being industry is showing no signs of wanting to change the tempo of the dispute.

To begin with Ministers were worried that the dispute might become entangled with a miners' strike, so providing the trade union movement with the chance for the confrontation



that some of its activists want. There has never been any wish (despite the views of some Tory Party hawks) among senior Ministers for the current dispute to become a miners' style *cassez le lien*.

Indeed one very senior member of the Cabinet is reputed to have said just after Aslef started its action to Sir Peter Parker, British Rail chairman, "But Peter, when are we going to have a real railway strike?" Since then the present strikes have become more "real" and can now be seen as the major confrontation between Aslef and the rest of the country that has been brewing for perhaps 15 years or more.

In the past 10 to 12 years there have been very few significant improvements in productivity on the railways as first Aslef, and then the National Union of Railwaymen have blocked changes to train manning. Improvements in output per man have averaged less than 1 per cent a year between 1974 and 1980 although there have recently been important modernisations of marshalling yards, the parcels, business and freight trains.

Issues like rostering (at the centre of the present dispute) and train manning (which may well provoke fresh confrontations in the coming months with the NUR as well as Aslef) have been on the labour relations agenda since the late 1960s.

A combination of factors have now brought these to a head. First there is a determined Government—the Prime Minister in particular seems to have so little love for the railways and such a dislike of nationalised industries that Sir Peter has been heard to complain about living in a "climate of insult." The Government has refused to fund a massive electrification programme (costing £450m over the first 10 years and £750m to complete over 20 years at 1980 prices) unless British Rail stops its habit of making unfulfilled promises about redundancies and efficiencies.

Second, the wage deal awarded last year in arbitration by Lord McCarthy of 11 per cent forced British Rail, which only wanted to pay 7 or 8 per cent, to insist on productivity gains to cover the extra 3 per cent. And the introduction of a 39-hour week concentrated attention on the working rosters of train crews.

Thirdly, the overall railway network is sliding so rapidly into a state of disrepair that

are dealt with on trains—is said to be going well. The second is the introduction of seven to nine hour flexible daily rostering. This is seen as an important forerunner of other productivity improvements such as single footplate manning; but to British Rail it has a special priority because it should eventually provide savings to pay for the 31 per cent pay rise caused by the introduction of the 39-hour week.

Mrs Thatcher in particular has no love for the railways and such a dislike for the nationalised industries that Sir Peter Parker (right) has been heard to complain about living in a "climate of insult."



British Rail has been forced to end years of procrastination. "The watershed year is 1983. If major expenditure on replacement is not started by then, the inevitable consequence will be a rapid rundown of the whole railway system... so the year for decision is 1981," said British Rail to its major policy statement last March.

British Rail then picked out from a longer shopping list prepared in 1980, six productivity improvements which could be seen as catalysts from which further improvements would flow. "We had been nibbling away for many years with little happening and we had to make some headway," is the management's explanation of the choice of the six.

The first—experiments with "open stations" where tickets

Even when it is eventually agreed by Aslef (the NUR leadership accepted it before Christmas), productivity gains will only flow in slowly.

If progress had not foundered in the present confrontation, moves would by now have been made on the other four items.

Experiments on single-manning of certain freight trains should have started in South Wales before being spread elsewhere later in the year, eventually eliminating 1,200 guards' jobs. Single-manning of passenger trains is due to start experimentally on the Bedford-St Pancras line in May, followed by another single manning change and introduction of a common "trainman" grade. Each of these items could well be the subject of tortuous negotiations forcing the NUR as

well as Aslef to accept uncomfortable changes. Having shed 10,000 employees and eliminated 14,000 jobs last year, mainly by modernising freight operations, British Rail has 7,000 redundancies scheduled for this year out of its 169,000 workforce. Its overall plan has been to shed 85,500 by 1985, the most contentious of which will be losing 4,000 to 5,000 train crew jobs as a result of the six main productivity items.

The aim (see graph) is to improve productivity three to four times faster between 1980 and 1988 than was achieved between 1975 and 1980.

Alongside these productivity targets, British Rail has its large-scale electrification investment programme which the Government is forcing it to cost on a project-by-project basis. Authorization has been given for East Anglian electrification which is expected to earn an 18 per cent real rate of return when compared with the cost of existing diesel traction (11 per cent has been estimated for the whole programme).

Detailed costings for the Kings Cross main-line to Leeds in another £150m a year for should be with the Government in about ten days. A go-ahead for this East Coast work would have been a useful outlet for the Chancellor of the Exchequer to include in his Budget speech next month, since the private sector is pressing for orders from such major public projects. But approval may now be delayed until July.

The position on this and other detailed electrification costings is affected by the impact of traffic lost as a result of the strike. Only lines with a rate of return well above 11 per cent average—such as East Anglia—can be assumed to be safe.

The freight business, too, has lost more than £20m revenue so far during the strike (part of the overall £60m losses). It now seems likely to lose another £80m. Orders for the rest of the year, including £20m with

its vital new Speedlink service. The strike has hit just as British Rail's freight managers felt they were set for better time. Their main hopes now rest on recouping the business.

The parcels business has lost £3m so far. It expects future lost orders to amount to £10m to £15m in the coming year and is hoping not to see major customers such as the Post Office and newspapers stay away permanently. There may also be some permanent losses of its overall finances and objectives which was to have been set up late last year by the Government, but which will not now go ahead till the strikes are over.

Otherwise British Rail will have to face up to one of three other options since it cannot afford to raise prices: it could increase the 7,000 redundancies planned for this year, cut back on investment, or speed up sales of its hotels, shipping and surplus property.

Top managers are already assuming that the 7,000 figure will have to grow to 10,000 and the fact that about half the total employees are over 50 years old will help British Rail to operate a voluntary redundancy scheme. But this would necessitate heavy redundancy payments—creating further financial pressures.

The management would be reluctant to cut investment (running at £250m to £275m a year until 1984), although it could—probably at the expense of efficiency—slow down its track renewal programme and which is expected to earn an 18 per cent real rate of return when compared with the cost of existing diesel traction (11 per cent has been estimated for the whole programme).

On the other hand it would need more funds for redundancy payments. If it were to assemble a list of its requirements, British Rail would also throw in another £150m a year for computer and airport services, plus trading losses of £33m estimated for 1981 and £44m accumulated from 1980, in addition to the costs of the strikes.

So there will be some tough bargaining when the strikes are over. It is clear that the Government will want to make sure that something is gained from all the expense of Aslef's actions.

But the productivity battle will only have just begun and it will be very hard for British Rail, facing the prospect of months of negotiations on the rest of the six-point programme, to produce concrete evidence of improvements. What is clear is that the Government will not let it off the hook. So the current strikes of are really only the opening shots in a long battle for the future of Britain's railways.

## Men & Matters

### Home and away

Retiring as chairman of Littlewoods, the pools, mail order and stores group, which he founded 58 years ago, octogenarian Sir John Moores has promised its staff that his "interest in the business and enthusiasm for its continued growth will continue."

To prove the point, Sir John, 88, is retaining his office in the Littlewoods empire and will remain a member of the board. Though this is not the first time that Everton Football Club's biggest shareholder has retired from the helm of his family-owned company, he is adamant now that he will not pilot it again.

Sir John's career began in 1912 when he joined Commercial Cable, now part of STC, as a junior telegraph operator. Eleven years later, as a spare-time business, he and two partners started a football pool.

The name Littlewoods was chosen because all three were employees of the cable company and wished to keep their moonlighting secret. Littlewood

was the original family name of one of the partners, both of whom soon withdrew when the venture lost money. But Sir John persevered and after three years was able to give up telegraphy.

In 1977, Sir John headed over the chairmanship to his second son, Peter, but returned three years later. Peter, still on the Littlewoods board, became a director of Singer and Friedlander, the merchant bank, in 1978, while the elder son, John Moores Jr, farms in Lancashire and North Yorkshire.

Taking over as non-executive chairman is John Clement, chairman of Unigate, who has been a non-executive director of Littlewoods since last year. (The first outside director, Michael Julien, finance director of BICC, was appointed in September.)

Would there be further board appointments from outside the family? Declining to comment, Clement said he saw his role as "trying to bridge the gap between the family and the full-time executives."

### Court line

Sir Freddie Laker's fall may well have given a severe knock to the legal stand being taken against the Association of British Travel Agents by that lanky defender of British consumer interests Gordon Borrie.

The director general of Fair Trading has been edging ABTA towards the Restrictive Practices Court for some time now, suggesting that its rules were against the public interest.

Lawyer Michael Elton, the travel agents' niftily-dressed leader, has argued that the rules—which say that ABTA members can only trade in package tours with other members—are to the public benefit. A condition of membership is the now much-discussed bonding and cross-insurance to provide rescue schemes.

But ABTA's case was beginning to look a bit thin—until the Laker collapse. Now

### Cash carillon

No joyful peal of bells at Westminster yesterday for British Telecom's £140m half-year profits.

Instead Sir Patrick Wall, Tory MP for the aptly-named Halmat-Price, was preparing to lead a protest campaign against the increase in BT's charges for the division bells fitted in some MPs' homes to summon them to late-night votes at the Commons.

The bells in Wall's Westminster Gardens house cost less than £40 a year in 1979. After three successive rises, the rental this year will be nearly £133.

British Telecom admits it seems a bit steep. "But the facility was severely under-priced before."

Commons Leader Francis Pym will be warned, however, that if things go on like this, the whips may have to stand in Palace Yard and whistle for their votes.

### Base matter

The most difficult question Sidney Procter, the new chief executive of the Royal Bank of Scotland group, had to field at yesterday's twin Press conferences in Edinburgh and London, was where was he going to live?

Given the outcry the Scots made last year when it looked as if the Royal Bank group was

going to be taken over either by Standard Chartered or Hongkong and Shanghai, any indication that the centre of gravity of the group was slipping down to London had to be torpedoed, quickly.

The Lancashire-born Procter tried to smooth the Scots feelings by pointing out that he was already looking for a house in Edinburgh. But the suspicions still remain.

Bill Dacombe, who is giving up his job as assistant chief executive of Williams & Glyn's to devote himself full-time to group planning and development, will live in London, and this will be the home of the group's new high-powered planning team plus the group accountant's office.

Technically, the group's headquarters will be in Scotland but most of the staff will be in London and the Scots suspect that when the dust settles London will be the centre of the action.

The other key issue left unanswered yesterday was the succession question. Sir Michael Herries said he would like a successor for the chairman's job to be picked within the next three years. The 57-year-old Procter has only the same period to make his mark on the group.

This is hardly long enough to get to grips with the major problem of integrating the two banks—which points to the need for an injection of outside talent.

### Out of sight...

With an eye to the moral majority market, a California electronics company, Censorview, plans to launch a new TV attachment: a \$150 microcomputer which can be programmed for up to a week to block the reception of any broadcasts deemed unsuitable for the children.

Remember the good old days when parents could simply say "no"?

Observer



Somehow I can't see Sir Freddie advertising 'FLY ME'.

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# City Of London Property

The recession has brought a reduction in the take-up of floorspace, yet one of the world's most important single markets remains in relatively good health. It has been buoyed up by the banks, British and international, which have proved ready customers for prime office space. An overall surplus of available space has been reflected in rents but there is a continuing demand for accommodation in new developments.

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# Richard Ellis

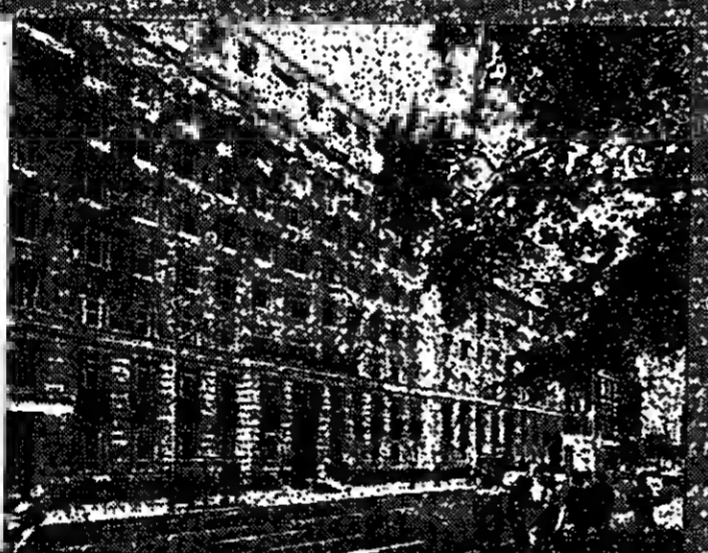
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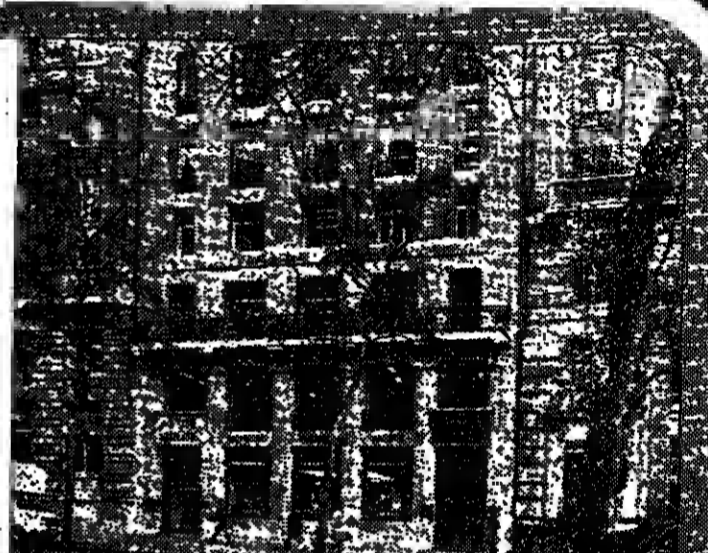
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High Quality Office Suites.  
2,029 square feet-12,210 square feet.

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3rd floor	3,316 square feet
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1st floor	3,620 square feet

**TOTAL 12,210 square feet**

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50,000 - 60,000 square feet.  
EC3 Close to Lloyds. Self-contained building. Preferably air-conditioned. Occupation immediate to 18 months.

30,000 - 50,000 square feet.  
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8,000 - 12,000 square feet.  
EC2, EC3 and EC4. Good quality, single floor, possession by summer '82.

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Banking sector, high quality, single floor preferred but will consider self-contained building. Immediate possession.

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This property is located close to Aldwych and comprises approximately 3,500 square feet on two floors.

1st floor	1,950 square feet
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**TOTAL 3,500 square feet.**

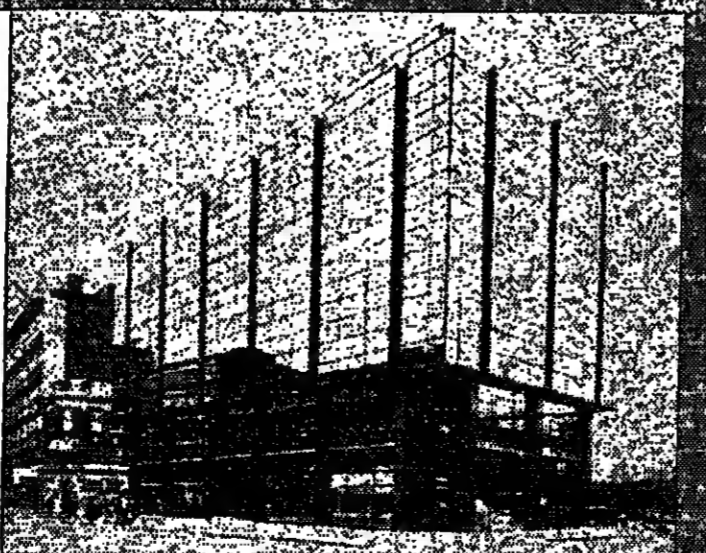
**TO LET**

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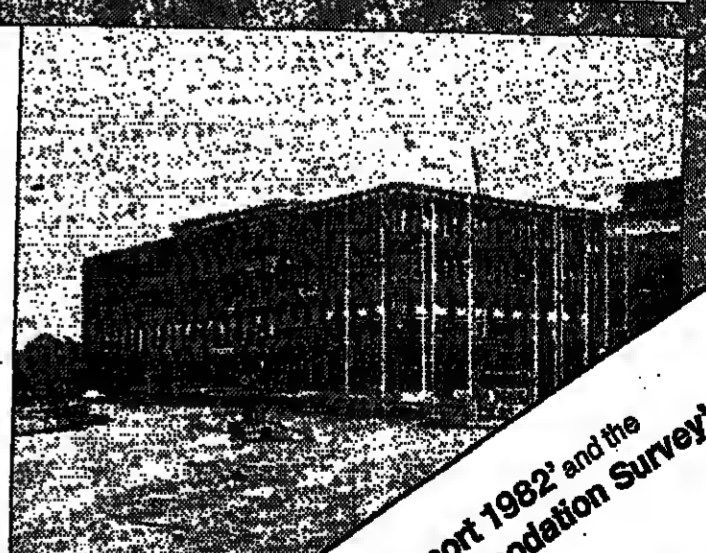
Joint Agents Donaldsons.



## Europe House London EC1

17,000 square feet. Single floor.  
Rental £8.00 per square foot approx.  
Lease to be assigned at nil premium.

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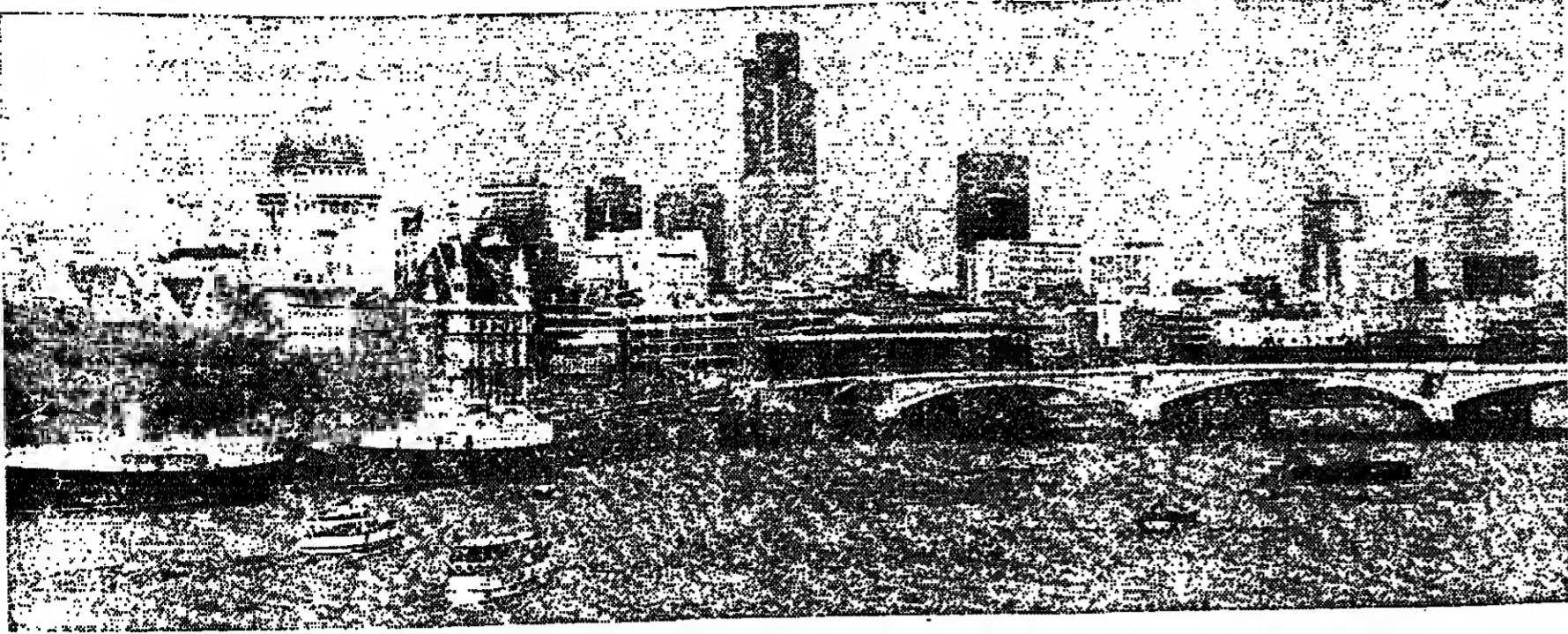


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# CITY OF LONDON PROPERTY II



View of the City from Waterloo Bridge. A surplus of space available is expected to characterise the market this year

## Market in relatively good health

BY MICHAEL CASSELL

THE MARKET FOR property in the City of London unquestionably has known better times, though its present difficulties seem comparatively slight when set against the traumas brought on by previous recessions.

During 1981, demand for office accommodation in the City fell back markedly, rents generally failed to keep pace with inflation and the surplus of available space kept on rising.

The net effect has been a disappointing period in which such words as "stabilisation" and "plateau" have again been coined, while those whose own futures are tied to the health of the City market prefer to concentrate more on the potential which lies ahead rather than what may be happening now.

But despite the setbacks, one of the world's single most important markets remains in relatively good health and shows few signs of the weaknesses which could suggest that something much more serious is on the way.

There is an element of surprise in some quarters that, so far at least, conditions have not deteriorated further. After all, the City is dependent on the international business community as it is on the UK economy and, on the basis that both have been having a rough

time, some observers expected worse by now.

The failure of anything more serious to materialise is in part a tribute to the City's continuing international standing and in part a response to the absence of a space oversupply of the dimensions which in the past has provoked a crisis.

The recession inevitably meant a reduction in the take-up of City floorspace—it fell by about 18 per cent in 1981 to 2.3m sq ft last year, according to Richard Ellis. But although the total also represented a 40 per cent reduction on the 1977-1978 peak of 3.7m sq ft, it remained well above the 1.4m sq ft annual figure achieved in 1974 and 1975.

At the same time, a substantial amount of space was brought on to the City office market during the year, with new supply reaching about 3.3m sq ft against 3.7m sq ft in 1980. The resulting surplus of about 1m sq ft, more in evidence for office units of over 10,000 sq ft and mainly affecting areas outside the central banking-insurance locations, represented a repeat of the 1980 pattern.

According to most realistic City agents, a surplus will continue to characterise the City market throughout 1982, although it should be halved from the 1980-81 levels, with the market returning to balance by 1983. Smaller units are

expected to remain the centre of attraction.

A notable feature of the letting market during 1981 was the continuing demand for accommodation in new developments, accounting for almost 40 per cent of all take-up in the year and representing a considerably higher percentage than in previous recessions, when business confidence in the financial sector was badly hit.

### Enthusiasm

This time, however, the financial sector has continued to take up large numbers of prime units and the banks' role in underpinning the City market has rarely been more clearly illustrated. Both the UK and international banks have proved themselves ready customers for prime office space and there are no signs that their enthusiasm for snapping up additional accommodation is waning.

The overall surplus of space available has been directly reflected in rental levels over the past year. The pattern of rental growth has been more mixed than usual but the general view is that average rental values managed to creep up by something less than 10 per cent during 1981.

Not surprisingly, the highest increases were achieved in the City's inner core, where space shortages remain to highlight

the continuing difficulties of providing new accommodation. But although top rents for best-located, prime buildings may even have achieved something nearer a 15 per cent increase, some City accommodation has recorded growth rates of 5 per cent or less.

According to Chris Peacock of Jones Lang Wootton, top rents for prime, best-located office floorspace have now reached about £27 a sq ft. Between £23-£26 a sq ft is now the norm for central, air-conditioned accommodation and there is an added premium to special situations. Small banking hall units have already breached the £30 a-sq ft mark.

The past 12 months have been extremely unpredictable. Some properties I thought would let quickly have stuck fast while others I imagined would not let, have found tenants. Bearing in mind the general financial climate, however, I think the City market has proved itself remarkably resilient and basically very strong.

"Rents have continued to move ahead, though at a much slower rate than in the past and new records for prime have yet to be achieved. The big question now is what happens next? There is without doubt a latent demand for accommodation which has not yet surfaced and

no one really knows how the market will develop over the coming months.

"Usually, it is fairly clear to see ahead but this time we are waiting for a pattern to emerge," Mr Peacock said. "It is worth remembering that the balance between supply and demand is fairly marginal and a small increase in demand can radically alter the picture."

The same view is expressed by Tony Wollaston at Healey and Baker: "The market is on a knife edge and, if the recession ends, it could leap ahead." According to Clive Arding at Richard Ellis: "The City market has been a stable one for the past 18 months but if we now begin to get clear signs that the recession is over, then office occupiers can be expected to respond quickly. Confidence is the key word and there could quite easily be a bandwagon effect once a few major tenants are seen to go ahead with decisions which have been hanging fire."

But even if the picture fails to improve in the months ahead, I do not believe a continuing recession would do much harm to the City centre. However, Mr Arding is not alone in expressing fears about the state of the so-called fringe office markets which surround the most central locations and where much of the latest phase of new development is taking place or is planned. He admits to a "degree of concern" about prospects for properties in the fringe areas but emphasises that they should benefit from any post-recession increase in demand because of continuing shortages of more centrally-located space.

According to Nick Thomlinson at Knight Frank and Rutley: "I believe the City market is basically in for a repeat of 1981 but the fringes might begin to feel the real pinch. Some schemes are already finding it very difficult to attract interest and people are waiting to see what happens to asking rents in the fringes, some of which may well be unrealistic in present marketing conditions."

### Uncertainties

One "off-pitch" location which does seem to have performed well, however, is the Eastcheap-Billingsgate area where lettings have been encouraging and rents have performed well.

Despite the immediate uncertainties about overall prospects for the City property market, some trends are already reasonably clear.

The supply of all space likely to come on to the market for letting is unlikely to fall much below the 1981 level and about one-third of it will comprise new developments.

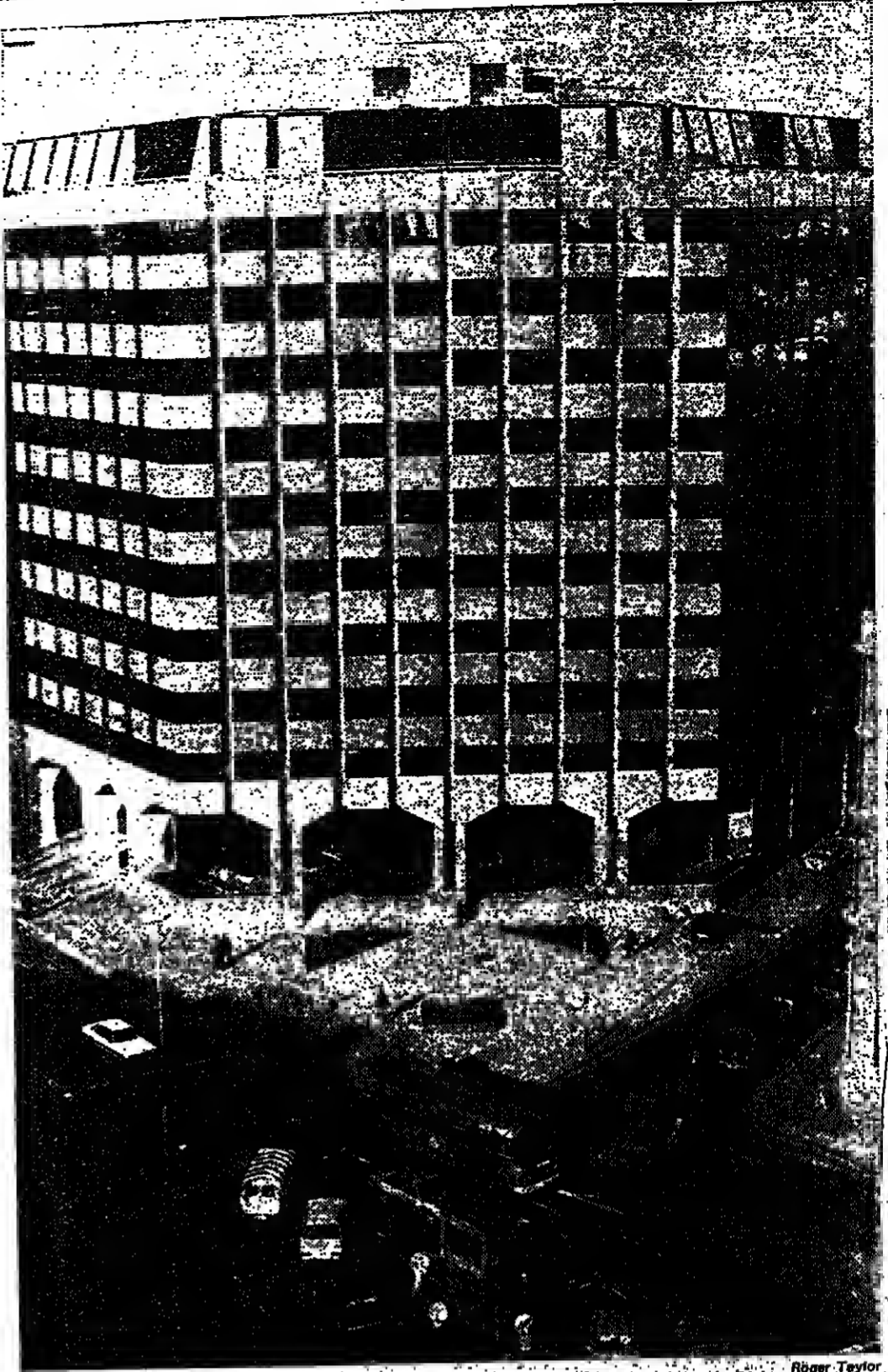
A little over 1m sq ft of speculative City office floorspace is due to be completed in 1982, with about one-third of it already pre-let. Of the remaining space, about 250,000 sq ft is openly available for letting, leaving about 550,000 sq ft still to be marketed in the near future.

In addition, space in a number of other schemes which are due for completion in 1983 and 1984 should soon be coming on to the open market before this year is over.

The optimists believe that, against the supply backdrop, total take-up of new and existing floorspace should begin to edge upwards from the 1981 level and reach between 2.1m sq ft and 2.2m sq ft. Those less certain that the worst is over would argue that the 1981 figure of 2.3m sq ft would be no mean achievement.

Richard Ellis believes that 1982 will hold few surprises and that across-the-board rental increases will be in the region of 7-10 per cent, with a further widening in rental performance between central area properties and the remainder of the City market.

On a longer-term basis there seem few doubts about the continuing ability of the Square Mile (with its increasingly flexible boundaries) to continue to provide a safe bet for the office occupier and the real estate investor. The experiences of the last 18 months may have served as a timely reminder of the City property market's vulnerability but they would also appeal to have provided an excellent test for its firm foundations.



New offices and shops on the Gages site in Holborn. Modern accommodation such as this can revitalise an area though Holborn itself is suffering from slack demand for office space which has trimmed rents. It is less easy now to let new schemes from the drawing board though agents expect demand throughout the City to pick up in the longer term.

## Office rents higher by 7-10 per cent

THE WEAKENING demand for office accommodation and the resulting surplus of City floorspace has continued to have an inevitably depressing impact on rental growth.

But although even the City has not been able to escape the impact of the recession, it is fair to suggest that, so far, it has managed to outperform most other office markets when it comes to rentals.

During 1981, office rents in the City rose by between 7 and 10 per cent against 10 per cent in 1980, although such bland averages disguise a wide range of individual growth rates. One of the major features of the office market in the City of London over the last year has been that wide variation in respective performances, a trend which shows every sign of continuing in 1982.

The highest rental increases in the City were achieved in the central banking and insurance areas where restrictions on development and apparently insatiable demand have conspired to maintain a shortage of space. In this sector of the market, average rises appear to have been closer to 10 per cent, with rents for the best-located, prime buildings rising by as much as 15 per cent, depending on the individual circumstances.

According to Chris Peacock at Jones Lang Wootton, the shortage of top quality, centrally-located space is as severe as ever, despite the overall weakening of the market. "To my knowledge there is not one single upper floor in excess of 5,000 sq ft in a modern tower block actually on the central market."

Demand from the foreign banks for both offices and banking hall space has continued to increase, especially for the best buildings on the best sites and, together with the UK banks and the insurance sector, have helped underpin the inner core.

Agents such as Dron and Wright say the demand from foreign banks for representative offices shows no signs of abating and they are under instructions to find more space. They believe that rents, now approaching £30 a sq ft, are likely to continue to increase this year and report that one letting in excess of £50 a sq ft has already been achieved for banking hall space close to the Bank of England.

But the pattern has been very mixed and, in contrast, values in the City area to the west of St Paul's Cathedral appear to have risen by only 5 per cent in a market with greater supply. According to Richard Ellis, the lowest City

rental growth was seen in the north-east fringe where surplus availability generally kept increases from rising above the average 7 per cent.

For prime, however, the picture could have been a great deal worse. Top rents are now reckoned to be around £27 a sq ft for office space (the rounded level achieved in the Phoenix Assurance prelet at Stafford House), while a complete air-conditioned floor in the central area can now command £25-£26 a sq ft without too much difficulty, a level achieved during 1981 at 80 Cannon Street by Trafalgar House.

So with prime City rents now broadly falling within the £23-£27 a sq ft range, it is no longer true to say they have failed to catch up, in cash terms, with the rental levels prevailing at the time of the last peak in the early 1970s. They are now comfortably past that point, although on inflation-adjusted terms they still have a long way to go.

### Impressive

Top rentals, it is true, have barely managed to keep abreast of inflation and neither are they likely to do any better during 1982, but their longer-term record remains impressive. In post-war years, the growth rate for prime City rentals has exceeded inflation by an average of 3 per cent.

It was on this basis that a brave Richard Ellis last year stuck out his collective neck and suggested that, given the more balanced market of the early 1980s, top rents in the banking and insurance area could lead to rents of £40-£45 a sq ft by 1985.

With £27 a sq ft established and three years or so to go, can that sort of growth be expected? The answer, according to Richard Ellis, is a very definite yes. In the words of Clive Arding, of Ellis' City office: "We are on target for our original forecast. The very best space has, in the last year, achieved rental growth in the order of 14-15 per cent and a continuation of this trend would take us past the £30 a sq ft mark by 1985."

For the current 12 months, Ellis expects a near-repeat of the 1981 pattern, with average City rents rising by between 7 per cent and 10 per cent but with the performance gap between the best property and the remainder of the market continuing to widen.

The highest increases should again be recorded in the central area, particularly for new air-conditioned space in the most preferred locations. Top rents may well move upwards by around 12-15 per cent, although

the psychological barrier of £30 a sq ft (already breached in a few instances) could impose a temporary restraint on the overall market.

On the other hand, there is increasing concern about the short-term fate for some of the fringe space which is now available and which is due to come on to the market in the coming months.

Some schemes in the fringes have apparently experienced little difficulty in attracting tenants at worthwhile rents but the recession inevitably has led to a softening of interest around the City's edges which may well yet deteriorate further before it improves.

The future strength of the so-called fringe locations must lie at least partially in their ability to offer a scale of accommodation which the more central areas are unable to find. But although that prospect might represent a potential bonus, the present existence of such large tracts of available floorspace is more likely to constitute a worrying problem.

Question marks hang over some of the rents which the developers of new fringe schemes continue to seek and there is a fairly widespread view that such targets will have to be lowered if lettings are going to be achieved. Some institutional developers might be tempted to sit and wait it out, although they too must aim to derive income from property as quickly as possible.

But whatever rents are being achieved throughout the market, lettings have been taking much longer to achieve, with the decision-making process continuing to stretch out.

According to Chris Peacock: "We have seen a steady increase in rents since 1976 and have got used to letting new schemes from the drawing board. Now, however, the position has changed radically and some space is standing empty for six months. We were hooded by over-optimism to completion and 'new things' have turned round."

"It has been a tight market, what has been available and ready for occupation has not been excessive, but demand has been as strong as in the past."

"I do not, however, expect to see any general fall in rental levels in 1982. We are on a plateau and the latter part of this year might begin to see some signs of a true upward trend in rents. There will be some very good rents paid this year and some possible year-on-year rental increases."

Michael Cassell

## A selection of City Offices

57 London Wall, London EC2. 900-12,525 sq. ft. Refurbished.

4 Deans Court, London EC4. 3,275-10,575 sq. ft. Refurbished.

Southwark Bridge House, London SE1. 3,218-22,000 sq. ft. New a/c building.

130 Finsbury Pavement, London EC2. 40,000 sq. ft. Self contained a/c building.

Bishops Court, Artillery Lane, London E1. 53,555 sq. ft. New a/c development.

26 Finsbury Sq., London EC2. 71,000 sq. ft. a/c building.



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CITY OF LONDON PROPERTY III

Developers and planners are just beginning to find common ground, as Ray Maughan reports

South Bank: redevelopment making very slow progress

WITH APOLOGIES to the owners of the handful of derelict buildings along the South Bank of the River Thames...

handed its acreage over to St. Martins in return for the right to develop and retain a 21-storey office block in the centre of the scheme.

Minister. Upstream, Mr Heseltine has set up an architectural competition to decide the shape and composition of a development on 12 acres on the southern side of Vauxhall Bridge.

in April 1980. The development company is a partnership of the fast-moving Greycote Estates, Commercial Properties and Sir Robert McAlpine and Sons (Trade Investments).

Progress St Martins Property Corporation has made the most obvious progress. A subsidiary of the Kuwait Investment Office...

Perhaps this decision can be seen as a major setback for the overall scheme, or at least a compromise, but St Martins and EPC believe their proposals have a chance of getting through after revision.

Controls The Environment Minister intends to lay before Parliament a special development order which would short-circuit the normal planning controls...

THE ECONOMICS of siting property on the fringes of the City have tended to blur a little in recent years. Rents are still much lower than for prime central City sites...



London's Docklands, which lie below Tower Bridge, are set for large-scale transformation in the next few years. The plan represents one of the biggest co-ordinated redevelopment schemes contemplated in Europe

Fringe rents close the gap

THE ECONOMICS of siting property on the fringes of the City have tended to blur a little in recent years. Rents are still much lower than for prime central City sites...

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Jeffrey Brown

CITY OF LONDON PROPERTY IV

# Home and foreign banks dominate the office market

THE BANKS have become the backbone of the City of London office market and more than ever deals done by the banking community dominate the scene. Two principal reasons can be pinpointed for this ever-increasing expansion by London's bankers.

Over the years there has been a constant stream of overseas banks setting up offices in London. During the last decade their presence in London has more than doubled to over 400; taking in representative offices and employment by foreign banks it has jumped by 180 per cent and there seems to be no let-up in this trend.

The other factor is expansion by domestic banks. The lifting of foreign exchange controls two years ago and the increasing competition in the domestic and international markets by overseas banks which have established themselves in the UK have led the British bankers into a new phase of expansion. This is particularly evident in their international divisions.

Among the clearers Midland has probably been the most active in the City property market over the last 12 months or so. At the end of 1980 it took 133,000 sq ft of office space at St Magnus House near London Bridge. And a year ago this month Midland announced its intention to take all the space being developed by the Electricity Supply Nominees at

Watling Court — close to 80,000 sq ft at the corner of Cannon Street and Bow Lane.

The development had been designed as three self-contained buildings but the bank decided it could make use of them all.

In all, a total of more than 280,000 sq ft of City office space has been added to the Midland's accommodation the last year alone. The bank is now on the point of moving into Watling Court and though it has not been made totally clear what this office block will be used for it looks as if it and St Magnus House, will house the bank's expanding international division.

**Picture**

The Noel Alexander Associates' annual review of foreign banks in London gives a guide to the continuing rise of overseas bankers in the City. The firm, an associate of property agents Noel Alexander and Partners, has produced the survey for a number of years and while they do not claim the review to be definitive, the figures give a very good picture of the movement of foreign banks in and out of the City.

The latest figures show that there were 24 additions to the foreign bank list last year while eight banks left the City. Taking the departures first, six of the eight were representative offices that were shut down and only two, Commercial Bank of

Malawi and Rainier National Bank of the U.S., closed offices with full branch status.

And, of course, not all closures mean that a bank is no longer involved in London. Amalgamations and joint ventures can make offices redundant because of overlap.

Moreover, closing representative offices has little impact on the property market. A representative office is not allowed to carry out banking functions and therefore may have only a handful of employees and maybe as little as 2,000 sq ft of office space.

The survey does not offer any real indication of the way existing overseas banks in the UK are expanding. It does show that 13 established full branch activities, but Noel Alexander does not plot physical expansion beyond that stage. For example, the Saudi International Bank in Bishopsgate has gone up from practically nothing to 40,000 sq ft of office space within six years. Probably expansion by overseas banks already here is more important to the property market than incoming banks.

One interesting fact to emerge from the latest review is that the number of foreign banks entering London last year fell considerably. With only 24 banks coming in, the figure is 11 down on last year's peak number of new entrants and the lowest figure recorded

**FOREIGN BANKS WITH OFFICES IN LONDON**

These approximate figures indicate broadly the movement of foreign banks in and out of London, on an annual basis.

Year	American			Europe			Japanese			Others			Summary	
	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out
1974	61	1	9	91	—	15	23	—	2	79	—	6	254	1
1975	58	3	—	80	6	5	23	—	—	86	2	9	357	11
1976	57	3	2	97	2	9	23	—	—	103	—	17	280	5
1977	64	—	7	103	2	8	24	—	1	115	—	12	306	2
1978	68	1	5	110	1	8	25	—	—	129	2	16	331	4
1979	72	2	6	123	1	14	25	—	—	137	3	11	356	6
1980	71	2	1	141	3	21	25	—	—	147	3	13	384	7
1981	73	1	3	148	2	9	25	—	—	164	5	12	400	8
1960-81	13	75	—	17	138	—	—	—	16	15	139	—	44	371

Source: Noel Alexander Associates.

since 1975 when 14 banks came in and 11 left.

Mr Noel de Berry does not place too much emphasis on this apparent downturn. He believes that there are possibly as many as 60 banks with plans to come to London. All they are waiting for is the right personnel and location and the much-coveted Bank of England full banking status. The Bank is unlikely to let a flood of new entrants on to the scene, so there is perhaps two years' "supply" of overseas banks waiting to get in.

The scope for further inroads is simply demonstrated by some research carried out by the City

office of Bernard Thorpe. The agents were able to pinpoint 400 overseas banks, not already represented in the UK, of sufficient size that they might want to open an office in London eventually.

The exercise excluded the U.S. state-orientated banks which confine themselves to domestic rather than international operations. The agents are the first to point out that all 400 are not about to come knocking on the door but it is clear that there is a very long way to go before the growth in overseas banks in London peaks.

Yet there is only so much

space within the City. The traditional banking area is a very small cluster of roads around the Bank of England. The boundaries are roughly Cannon Street and Bankside to the north, King Street in the east, and St Mary Axe in the west. It may be easy enough, assuming the willingness to pay high rents, to get some accommodation within that most prized of districts but for offices of substantial size it is getting harder and harder.

Thus slowly the acceptable banking area is being pushed outwards. Towards the east the

banks are moving more into the traditional insurance market area. The southern end of Bishopsgate, for example, was not considered a real banking address 10 years ago, but has been transformed into a prime banking area now.

Westwards the banks have pushed out further towards St Paul's, and to the top end of Cheapside. Bank of America has been in Gateway House, the old Wiggins Teape building opposite this paper's offices, for some years. Now the Midland is moving into Watling Court, a stone's throw away from Bank of America, and on the south side Scandinavian Bank intends to occupy the old Spillers building. Barclays has gone further afield, taking 96,000 sq ft at Fleetway House in Finsbury Street.

The accepted banking area is growing—but slowly—and still there are areas where most bankers stubbornly refuse to go. Eastwards and westwards yes, but few push northwards. The north end of Moorfields, for example, would not be considered a suitable area by a bank. South, of course, the Thames provides a natural barrier.

As the banking zone grows the rent differential widens. According to Richard Ellis, office space in the prime area of the centre currently commands about £26 to £27 a sq ft—a rise of perhaps 10 per cent over the

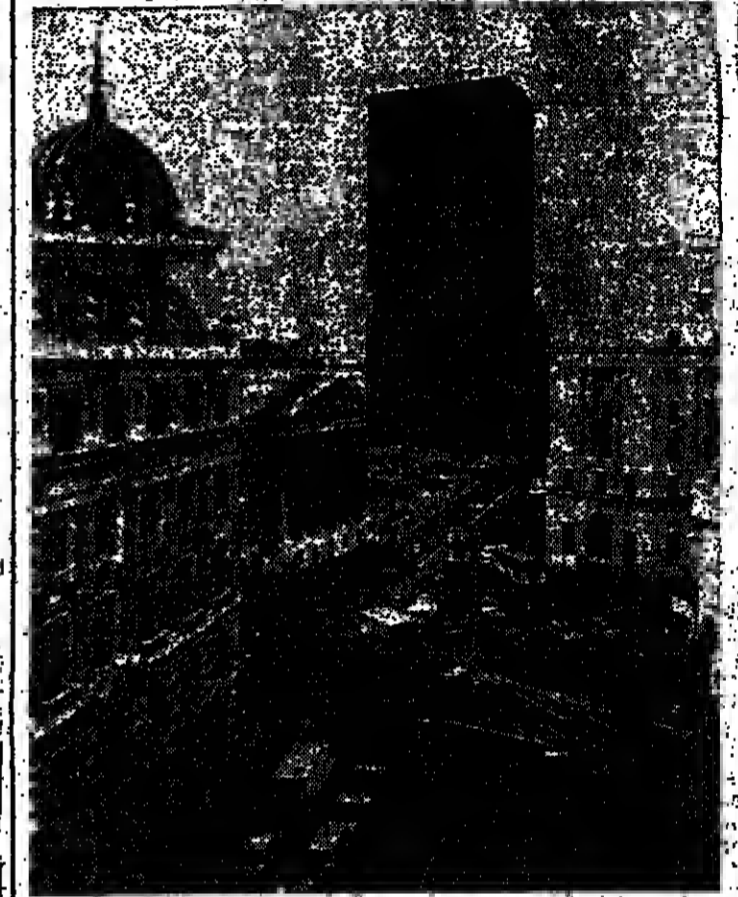
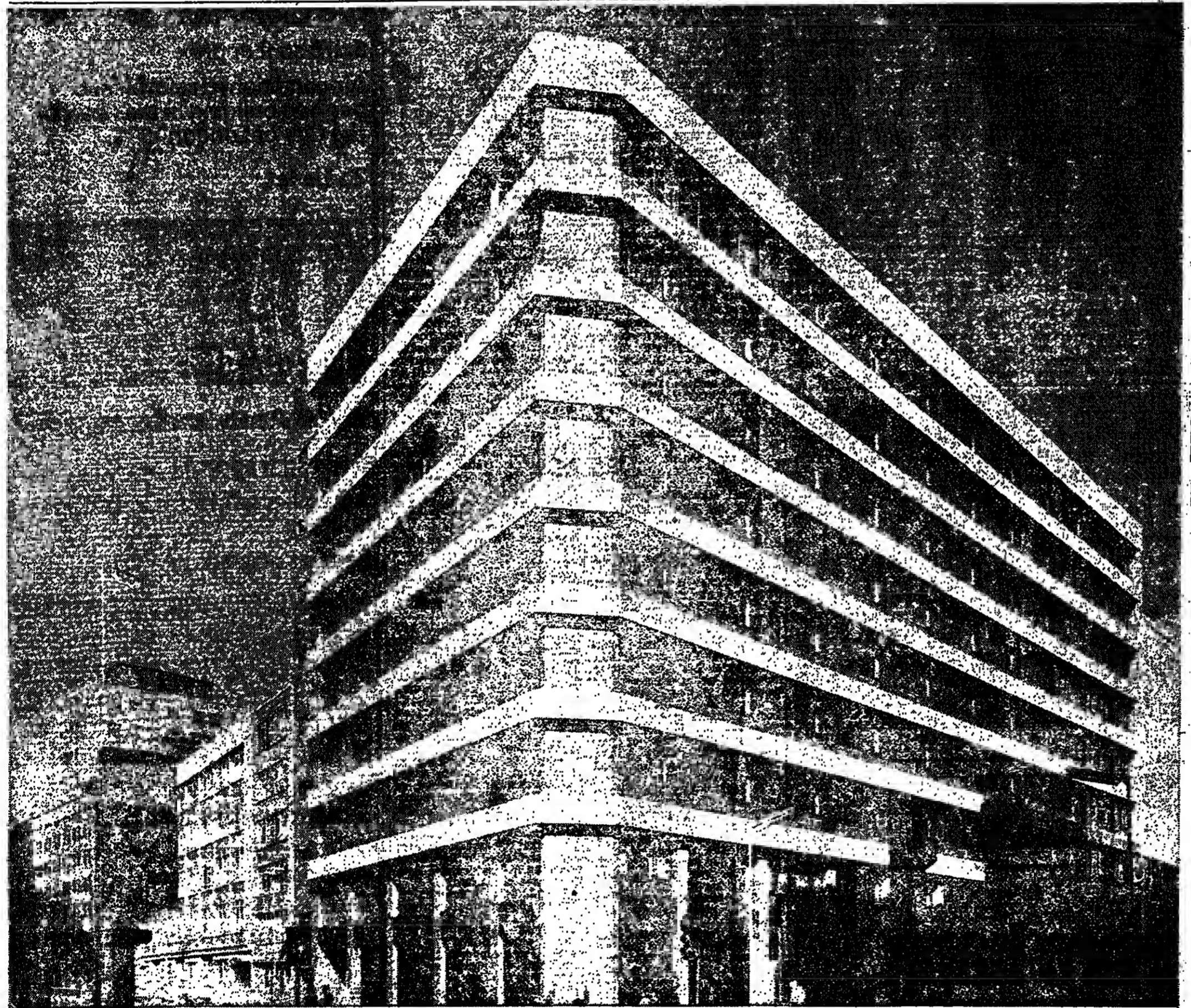
last 12 months. Spreading out from the Bank of England, rents in Gresham Street, King Street and Leadenhall Street are around £20 to £21 a sq ft. Though never disclosed Midland's rent on Watling Court (admittedly struck a year ago now) was believed to be under £23 a sq ft.

**Hesitate**

Some deals with "views" of the Bank of England have evidently been struck at some pretty fancy prices—up to £4 a sq ft, but this is still far from the norm. The level for a prime office block is getting very near to £30 a sq ft and it looks very much as if by the end of this year that figure will have been comfortably reached. There may be some hesitancy, for £30 probably represents a psychological barrier, but once breached a couple of times it will soon become the next yardstick.

Rents continue to grow, the is a shortage of the right property in the prime areas and the banking community's appeal for more floorspace seen insatiable. Presumably there will come a time when the domestic banks have cleared their big expansion plans and the influx of foreign banks slows. But in the meantime it looks a long way off. The banks will continue to take the pace for the London office market.

Terry Garra



Photomontage of the proposed scheme. If it goes ahead the cost is likely to be at least £30m.

## Mansion House square scheme under fire

THE REVIVAL of plans to create a new square at Mansion House in the heart of the City promises to be one of London's major planning talking points of 1982.

An application to construct an 18-floor office building, providing 178,500 sq ft of floor-space, together with a new shopping and pedestrian concourse beneath ground level, was submitted to the City Corporation at the beginning of January by Mr Peter Palumbo, who has spent 23 years campaigning the site.

So far, Mr Palumbo has acquired 12 of the 13 individual freehold properties involved and 345 of the 348 individual leasehold interests that make up the site involved in the proposed scheme. It was in May 1962 that the City's Court of Common Council agreed in principle to permit the same development to proceed, although it withheld full planning permission until it could be satisfied that Mr Palumbo had full control of the site and could therefore see the development carried out in one, continuous phased operation.

The new planning application, before the City, which has already aroused the wrath of several conservationist bodies, is a fresh one based upon the fact that the last few leasehold interests expire within the next four years.

At the centre of the scheme is the 290 ft tall glass-walled building which was designed by Miles van der Rohe, one of this century's most influential architects. Although Mr Palumbo makes no secret of the fact that he would like London to have an outstanding example of van der Rohe's work, others feel differently about transforming the heart of the City.

If the scheme is to go ahead, it will entail the demolition

of eight secondary listed buildings — mainly a wedge of small to medium-sized properties of mixed style and construction between Queen Victoria Street and Poultry, although other adjacent buildings of architectural and historic importance would be retained.

It seems quite likely that the City will reject the Palumbo plans, which will open the way for a public inquiry into the proposals and their impact on the local environment.

The height of the proposed office tower, the reorganisation of the local road network and the disruption involved during development may well all militate against acceptance. But, equally, the scheme could meet with the approval of a Secretary for the Environment who has shown a close interest in the design aspect of modern commercial developments and may well approve of the attractions of such an ambitious concept.

If it goes ahead, the scheme is likely to cost at least £30m and would not get under way before 1985. Nearly 80 per cent of the site area would be used in the formation of the new public square while new shopping facilities would be included in the underground public concourse.

Access for pedestrians would be directly from Bank Underground station and by escalators and stairs from five points around the square and office tower. The office building, accounting for less than one-quarter of the total site area, would provide nearly 300,000 sq ft gross per floor. The facade would comprise bronze, marbles, marble and work, others feel differently about transforming the heart of the City.

Michael Cassell

As with all things of value, new offices of this prominence in the city rarely come to the market.

### Finsbury Court EC2.

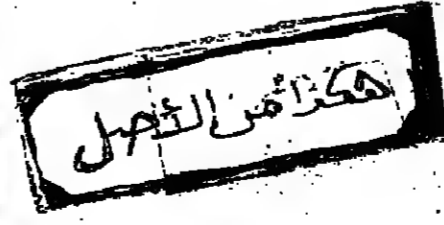
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CITY OF LONDON PROPERTY V

# Demand and rents depressed in Holborn

IT WAS the best of times, it was the worst of times; it was the spring of hope, it was the winter of despair. In a word, it was Holborn.

THE HOLBORN property market is facing a difficult year, with rents depressed, demand at a surprisingly low level, and confidence shattered into enough pieces to make a kaleidoscope.

Most worrying of all to market observers and participants is the likely prospect of a wholesale defection from the area of Holborn's traditional mainstay, the publishing industry.

Should News International, Associated Newspapers and the Daily Telegraph remove their printing works from the Holborn property market, what is expected to be just a difficult phase, will turn into a crisis.

This is depressing news for an area that has seen average rental levels in the past four years increase by 50 per cent at the top end (new air-conditioned premises) and by almost 100 per cent for old, pre-war accommodation.

Average rents for new, air-conditioned space currently stand at £15-£16 per sq ft compared with £13-£14 in the West End and £23-£26 in the City. Modern and refurbished property commands an average rent of £12-£13 per sq ft against the West End's £14-£16 and the square mile's £17-£21.

So, on the face of it, Holborn should have a rosy future. It has good communications with the rest of London, is easily accessible to the leading retail and financial districts and has a simple amount of good property available.

However, the gloom has not been dispelled by one of the leading Holborn and City property groups, Weatherall, Green and Smith. In a profession not characterised for its blimie realism nor renown for its short-term objectivity, WG & S has produced some ominous forecasts.

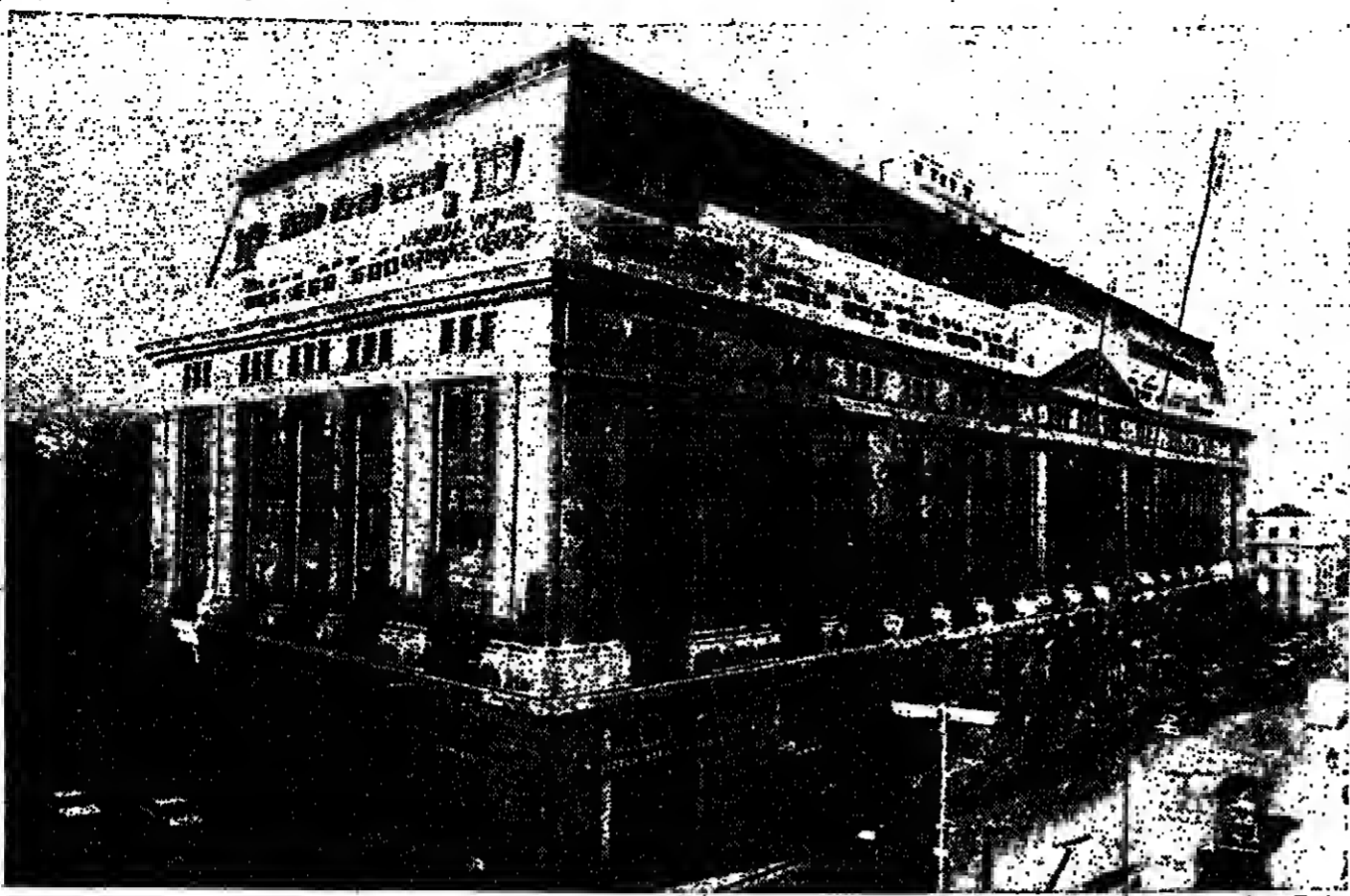
"Office property in the southeast generally and Holborn in particular has weathered the economic difficulties of 1981 surprisingly well," WG & S says. "However, we cannot look forward with confidence this year."

The past few months have seen a fall-off in demand and the presence of a number of substantial new or refurbished buildings complete and unlet is not reassuring.

"WG & S has about 260,000 sq ft of office space on its books at the moment."

Within the market there is a strong demand for small and medium office units, many of which are refurbishments. But many of the buildings attract little attention from investment funds with a penchant for large air-conditioned new developments or prime rehabilitated property.

WG & S notes a possible change in attitude here. "Institutions are beginning to look seriously at non-air-conditioned



Victoria House, in Southampton Row, is being extensively refurbished by its owners, the Liverpool and Victoria Friendly Society, to provide modern office suites, adding to the area's up-to-date office accommodation

offices, probably because of the higher building and running costs. Furthermore, there is almost certainly a ready market for purpose-built small prestige accommodation of 700 sq ft upwards.

In chronicling the mixed fortunes of Holborn, it is important to delineate the area. The "within sight of the Priory" definition is no longer applicable whereas the old borough limits give a rough outline. The approximate rectangle formed by Euston Road, Farringdon Road, Victoria Embankment and Charing Cross/Tottenham Court Road constitutes 1.3 sq miles of the Holborn property market with about 1m sq ft of empty office space available.

The market has experienced a fundamental change in recent years. The premises of a former batch of lawyers from Chancery Lane, who doubtless added an appealing Dickensian touch to overcrowded, unsafe office garrets, have been replaced by a growing number of sleek chrome, that glazed multi-national offices.

But even with the multi-nationals, things have not gone

smoothly. Lammas, the petrochemical engineers, recently decided to decentralise by moving to Northampton, leaving 123,800 sq ft of office space vacant in Fetter Lane. Current asking rent (with an upward review due shortly) is £8.50 per sq ft and the leases are being offered at all premium.

### Prospects

The common view held by property agents is that although the immediate future is not very encouraging, the medium and long-term prospects for Holborn are good. Consequently, a number of large developments is planned or under way.

Griffin House, a 60,000 sq ft office development financed by the Midland Bank Trust Company, is due for completion later this year, whereas Land Securities plans 194,000 sq ft of office accommodation behind the existing facade of Grand Buildings, Northumberland Avenue, once vacant possession is achieved at the end of the year.

A further 80,000 sq ft of space is planned for the Cavell

House site at the junction of Charing Cross Road and St Martin's Lane.

Smaller schemes include 40,000 sq ft of new office accommodation at 6/10 Norwich Street (the freehold sold for £2.4m and the scheme has been pre-let at £16 per sq ft) and a refurbishment of 90/94 Fleet Street which will yield 10,000 sq ft of air conditioned offices on six floors.

Local government has had an impact on the Holborn property market. In the case of the Camden authorities, high rates (£96.2p in the £) are dissuading some new entrants into the market and forcing some existing occupiers to consider the lower rateable values in the City of London (£33.6p in the £) and Westminster (£32.2p in the £).

Rates are becoming a major constituent in the cost/benefit analysis for many companies, and are likely to continue to exacerbate the financial difficulties of businesses under threat in the recession. The nightmare is that once the economy recovers, any significant uplift in demand could be negated by escalating rates.

On the more positive side of local government activity, the GLC has been attempting to "sell" the London office market to the EEC, in particular by promoting a number of sites (naturally close to Chancery Lane) for the European Trade Marks Office. Munich is also in the running as a site for this EEC body.

The willingness of local plan-

adds: "Increasing worries about the timing of the economic recovery appear to have no effect on the prime investment market, which remains in a confident and healthy mood. However, there are clear signs of a slowing down in rental growth and if these continue throughout this year, yields may rise to compensate."

Prime Holborn office yields are currently about 5 per cent, or about 0.5 per cent above the keenest yields in the West End and the City.

The market conditions for the next 18 months will be greatly influenced by the Chancellor's March 9 Budget and subsequent movements in interest/mortgage rates. But generally it is anticipated that rents will remain either unchanged or fall slightly as demand remains low, while buildings will take longer to let.

Very competitive terms will have to be offered for large buildings, and higher local rates might offset any recovery later in the year.

Overall the fabric of Holborn is improving. The opening of the new Covent Garden and Gammages retail developments filled a major gap, and the quality of the refurbishments completed and currently under way is high enough to give the area long-term appeal.

Areas such as King's Cross probably will remain blighted for years to come, while the departure of the newspaper industry could represent more of a challenge than a threat if the economy stages a strong sustained recovery in the next few years.

By the end of the decade, we could see a Holborn which is dramatically different to the one which exists today.

"With apologies to Charles Dickens and 'A Tale of Two Cities.'"

Paul Hannon

ing authorities to allow change of use and redevelopment of the Fleet Street newspaper print works to determine the area's composition in years to come.

The East Street-based estate agents arebrother are not greatly concerned at the prospects such an upheaval.

"Admittedly a large amount of space would come on the market, but not all at the same time," the agents say.

Weatherall Green and Smith

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## Retailers maintain good trade

THE GLOOM and despondency that has permeated many sectors of the retail trade over the past two years of recession has so far not been reflected in the City's shops.

Retailing in the City of London is untypical of what is happening in High Streets elsewhere. This is because retailing in the Square Mile is primarily concerned with meeting the needs of its office worker population during the day, rather than hoping to cater for the small number of residents in the City's catchment area.

The prime advantage of having a fairly stable and consistent population of office workers is that the City's retailers can be fairly assured of their level of trade even in bad times. The many sandwich bars in the City, for example, report a consistent level of trade, since people have to eat whatever the economic conditions. Where the City's retailers sometimes lose out is being unable to capitalise on a booming consumer economy—although the growing number of shops catering for leisure activities shows that even in times of economic hardship, the City's occupants still have considerable disposable income.

Given that the City's population is overwhelmingly office-biased, the distribution of retail outlets within the City is clear. There are scarcely any car showrooms, for example, as you might find in a normal trading area—yet motor accessory shops abound, reflecting the City worker's need to buy replacement and maintenance goods rather than capital items. The City's retail outlets can

be divided into six distinct categories:

- Food and drink: the huge migrant population that commutes into the City each day needs to be fed at lunchtime. Feeding the masses ranges from the smallest sandwich bar to top restaurants such as Le Poulbot in Cheapside. The only factor in common that all these places have is the overwhelming demand for catering facilities in the City. Virtually every nook and cranny is in demand to turn into either a wine bar, delicatessen, or restaurant.
- Many City property agents are reluctant to even accept instructions to find restaurant or wine bar premises as the demand is so great. Obviously, the established catering chains are in a stronger position to negotiate for sites, but in the main most catering outlets are "one-off" units operated by individuals.
- Fashion: Over the past decade or so, the character of the City's working population has changed, with more working women at all levels with jobs in the City. In the main, however, it is the young women in secretarial or clerical jobs that have influenced a number of down-market fashion outlets to proliferate in the City.

The impact of the female office worker has also led to a proliferation of fashion accessory shops—such as the inevitable British Shoe Corporation outlets (Dolcis, Saxone, etc.) which can be found in any High Street as well as handbags and leather goods shops.

Of all the retail sectors in the City, however, it has been the women's fashion shops that

have suffered most from the recession and the impact of "wrong" styles. (The fashion trade generally got the style wrong when the recession hit: shoppers were looking for better value for money rather than way-out designs.)

The mens' fashion market has been less affected by style or, seemingly, the recession. Since the predominant "uniform" in the City is the suit, it is hardly surprising that tailors continue to form a significant part of the retail make-up of the City.

- Essential items: The City is full of shops which provide essential items such as hardware or groceries, which fulfill a need for the transient office worker population which cannot reach similar stores at home during a working day.
- Luxury goods: While it would be hard to buy large consumer durables in the City (apart from the Houndsditch warehouse in Bishopsgate), there is a surprisingly high level of demand for small electrical leisure goods, mainly video and audio equipment.
- Financial outlets: the ubiquitous banks and building societies are, not surprisingly, as much in evidence in the City as in most High Streets. The problem, however, is that these type of institutions can easily afford to pay more for prime sites and thus help force out other retailers who might provide a more mixed retail environment.
- Stationers, booksellers, office equipment: not surprisingly, since the City relies heavily on paperwork, office equipment and stationery suppliers abound within the Square Mile and are

likely to go on doing so even with the advent of computer technology.

One characteristic of retail development in the City is that it tends to be the "cream on the cake" for office developers. Offices are the main object of any development but, to appease planning authorities, retail and other facilities are often provided on the ground level of a new office development. However, rents from the retail shops are usually substantially lower than office rents and so are generally taken as an extra to the project's viability rather than calculated as an integral part of it.

However, there remains strong pressure from the planners on office landlords to ensure that genuine retailers are allowed in wherever possible so as to help curb the proliferation of "fringe" retailers such as building societies and foreign banks.

Rents in the City for retail outlets are relatively stable according to a number of agents—unlike the position in other shopping areas such as the West End. Healey and Baker, for example, remain "enthusiastic" about the shop property scene in the City.

One of the newest and most interesting retail outlets in the City is Books Nippon, situated close to St Paul's Cathedral, which opened last month. Books Nippon claims to be the largest Japanese bookshop in Europe and will eventually stock 60,000 Japanese books aimed at the large expatriate Japanese community as well as an increasing number of tourists.

David Churchill

# CITY OF LONDON PROPERTY VI

## CITY OFFICE BUILDINGS TO LET

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## Audrey Powell describes life in London's Square Mile after the workers have gone home

# Barbican homes add to resident population

**THIS MORNING** approaching 400,000 people will be working in the City. Yet tonight only 7,500 will sleep there.

In the 19th century the Square Mile had up to 130,000 residents. But the growth of commercial buildings, wartime bombing and the fashion for dormitory suburbs have taken their toll and the area increasingly has led a double life—by day busy and alive, by night a city of cats and caretakers, with a resident population that has dipped to fewer than 5,000.

In the 1970s the development of the Barbican with its 2,000 flats and maisonettes, brought some movement the other way—which was its purpose.

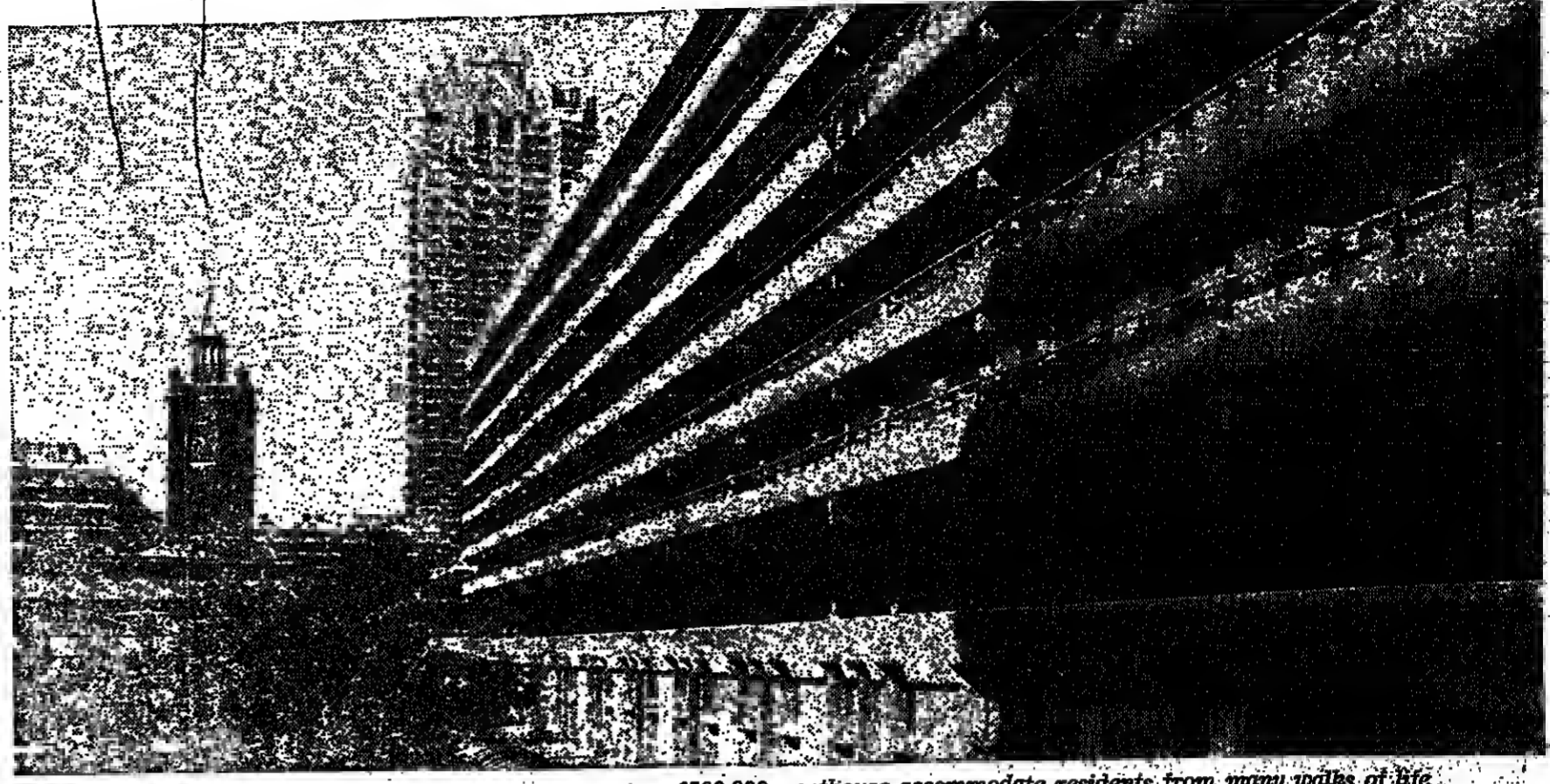
But what other life is now left in the City once the thousands of workers have poured out of offices, bars and shops and disappeared into the Tube or buses which take them home?

Probably more than you might think. The City boundaries enclose the eeries of 200 to 300 legal eagles in the Inner and Middle Temple and Clifford's Inn; the staff of St Paul's Cathedral and the 50 boys of the Choir School, and the temporary occupants of 700 beds in St Bartholomew's Hospital.

There are the residents of 200 local authority flats, of police flats or nurses' homes, of hostels. The City's one hotel, the Great Eastern, has maybe 200 guests from Mondays to Thursdays.

There are the landlords living with their families above the City pubs; the journalists who have pied-à-terre off Fleet Street. Office blocks and banks often have flats for senior staff.

There is also more vacant living accommodation in the City than there would seem.



Flats at the Barbican. Studio flats ranging up to a £500,000 penthouse accommodate residents from many walks of life.

**Choice**

In Fetter Lane a block of 100 flats is being refurbished and the units sold as tenants leave. There is a choice of one- to three-bedroom flats at from £64,000 to £179,000 and there are tele facilities in the building.

Agents Charles Price Rantor and Co say about half the flats have been sold—to companies, to offshore investors and to a cross-section of pied-à-terre seekers.

Down by the water in Upper Thames Street is Queen's Quay where another 100 flats were built, on a warehouse site, in the 1970s. Then they fetched £14,750 to £32,500. Resales crop up quite often—at between £22,500 and £37,500.

The flats on the river side are sunny, and while you do get a rather generous view of mud when the tide is out, you have the entertainment of watching treasure hunters probing the beach in the hope of finding Roman relics.

There is Amen Lodge, an angular modern block of a dozen flats, just across from St Paul's. Lately, it has been encrusted with estate agents' boards, for three properties there have been on the market. The penthouse, with its pigeon's eye view of the cathedral, has been available for six months. The Bee Gees pop group used it, then a company owned it. Another company seems the likeliest buyer, at 295,000.

The other offering are a two-bedroom ground floor apartment, rather optimistically priced at £90,000, and a one-bedroom maisonette at £38,850.

And there is much more on a small scale, to be found, by those whose determination has been strengthened by winter weather and rail strikes.

But to the Barbican, a very different proposition—500,000 cubic yards of concrete, 50,000 tons of reinforcement steel, hundreds of thousands of bluish-brown bricks and paviors spread over 38 acres.

Flats are in rows like tiers in a theatre, dwarfed by three towering blocks of 43 or 44

storeys. Traffic is totally segregated and there is a maze of walkways. There are lawns like hilliard tables. The wind ruffles the reservoir-like lake on which ducks have settled and over which seagulls sometimes wheel. (Do these towers remind them of familiar cliffs?)

When the Queen opens the Barbican Centre for Arts on March 3, this massive development—estimated in 1959 to cost £20m, but which has, in fact, run through £200m—will be all but finished.

It was built by the Corporation of London for letting, but now under the Housing Act 1980, the units are being sold. Some 900 tenants have applied for the right to buy, 35 flats have already been sold on the open market, others are in solicitors' hands.

Leases are for 125 years and prices start at £32,500 for a studio (one room with kitchen and bathroom).

A three-bedroom flat (whose current rent would be £6,250 a year) sells at £138,500. Its service/maintenance charge is £2,455 a year. Tenants who buy flats receive a discount of up to £25,000.

The penthouse on the 37th to 39th floors of Lauderdale Tower is for sale at £500,000. It has four bedrooms, three bathrooms, dining room, a gallery reception room, a conservatory/roof garden and balcony. And at twilight you look out on to a shimmering backcloth of lights in the surrounding office towers or down on to a carpet of illuminations that seems to stretch out for ever.

But what is it like, living within what joint selling agents Chesterton and Alsop term this "spectacular modern development" and a travel writer calls these "brutal windswept canyons"?

Stella Currie, chairman of the Barbican Association, has

been there for 11 years and enjoys it. She is a solicitor and appreciates being able to walk to her office in the City.

"There is a nice growing community spirit," she says. "You bump into friends in the estate shops. We have our own Christmas, festivities."

**Long leases**

She thinks the opportunity to buy long leases will keep more people there at week-ends, since tenants who go away to country cottages will be selling these, to buy their Barbican properties.

But she hopes flats will not eventually pass into the hands of companies, who might use them as offices.

Not everyone shares Miss Currie's enthusiasm for the Barbican. An author was double-edged in his comment. For him the advantage of living there was considerable, he said, "because there are no distractions—there is completely dead at night."

Presumably the opening of the Arts Centre will alter this. Even so, he added: "I would not want to bring up a family there."

Doctors, bankers, accountants, executives of oil companies, have flats on the estate. But many residents are not connected with the City at all—they live there and commute out.

Others are retired people who happen to find it convenient and nearly 25 per cent of the tenants are from overseas. But the joggers who pad around the walkways at night, are said to include some well-known British faces (whose owners like to take their exercise in seclusion).

It is easy to forget that the Barbican takes in only a small section of the Square Mile. Doubly qualified to give an opinion on living in the more traditional part is liquidator-extraordinary Sir Kenneth Oxt, who has a riverside flat in the City and, as a former Lord Mayor of London, has lived in the Mansion House ("It is like a country house and you can't hear any traffic noise").

Off duty, the City becomes like a village, he says. "Sometimes I walk along the Thames and go up to one of the little pubs... It is absolutely beautiful at night."

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## Sixties office blocks showing their age

CONSTRUCTION work in the City of London has not stopped since the end of the war. Although the sky is no longer full of cranes, new buildings and extensive refurbishment continue to be part of everyday life.

Offices continue to be the main area of growth, although the beady days of the early 1970s are well over. The developer undertakes large scale office redevelopment without a great deal of serious research, some of it made necessary by the kind of architecture that was commonly built in the 1950s and 1960s.

Many of the medium-sized office buildings in the City that were built 20 years ago have not worn well and are often in need of considerable and expensive maintenance.

One of the major reservations that future clients have about the standard office block is the poor quality of much of the servicing—particularly air conditioning and inadequate underfloor trunking for the more sophisticated telephone and communication systems needed today. Refreshment of the standard 1960s office block has become an expensive business in a short time.

The City's office architecture has never been particularly distinguished—indeed the buildings around the major architectural monuments such as St Paul's and the Tower have been insensitive in the extreme.

There is now one developer who has a scheme to rectify the architectural disasters of the last 20 years. Peter Palmbo still wants to build the office tower and landscaped square opposite the Mansion House that he proposed in 1969.

His scheme is to build a tower of offices by the distinguished architect Mies van der Rohe, who came from the Bauhaus and worked principally in Chicago. Mr Palmbo has had a lifelong admiration for the work of Mies van der Rohe and his own ambition is to put up a building in London by this master of the modern movement.

The new square would be surrounded by master architects: St Stephen's Walkway by Sir Christopher Wren in one corner, the Midland Bank by Sir Edwin Lutyens on the Poultry side and the somewhat amended side facade of George Dance's Mansion House facing the tower by Mies van der Rohe. There is no certainty at the moment that this scheme will be built although there is every chance that it will. It

would add a building of distinction to the City.

Other new office schemes either just finished or about to be completed are the large scheme in Chiswell Street developed by Whitbread and Trafalgar House and the new Mermaid Theatre-cum-office building by Blackfriars. This block has an interesting planning history. Puddle Dock has borne the signs of human occupation since the Romans, further revealed during excavations to build the new Mermaid Theatre and offices for Touche Remnant.

degree on the success of the various office-based schemes that developers are working on for the South Bank of the Thames. If the Coin Street proposals by Greycoat Estates get the go-ahead after its lengthy inquiry, the architect Richard Rogers will have an opportunity to demonstrate that large areas of offices can also have architectural merit and a public face.

His proposals for the new Lloyds Building remain the most exciting new development in the City, and it is tantalising to watch the work in progress on the site. Rogers' popular success with the Centre Pompidou in Paris could be repeated with the Lloyds building in the City. At least the City would have an architectural monument of the last quarter of the 20th century.

Colin Amery

**Permit**

Lord Miles of the Mermaid Theatre had acquired an office development permit in the early 1970s in the days of the late Mr Anthony Crossland. The Trustees of the Mermaid Theatre realised that offices would make good use of the Puddle Dock site and the theatre could be refurbished at the same time.

The architects for the redevelopment were Richard Seifert and Partners and the occupants who had succeeded in buying a 999-year lease from the City Corporation were Touche Remnant. The lease cost £1m and the refurbishment of the theatre £1.5m. The building is a good solution to the problem of mixed uses in the City and it makes use of a difficult site in a practical way. Total cost of the redevelopment, according to Lord Remnant, Managing Director of the Touche Remnant Investment Management Group, was £10m.

Other prime office locations near the river include the site of the old Billingsgate Fish market. The new market has now opened at West India Dock and has been designed by architects Norman Levinson and Partners. It opened for trading on January 19, leaving the future of the site in the City in a state of uncertainty.

The old Market Building has now been listed and there are a variety of uses for the remainder of the site. Offices or a new Commodity Exchange are under consideration by the City Corporation. The difficulty is to find a suitable new use for the old market which can take full advantage of the open structure and yet be financially viable. It is a hard case to argue as any leisure uses would depend on support from the City's small population after office hours.

There can be no doubt that the future of office development in the City depends to a large

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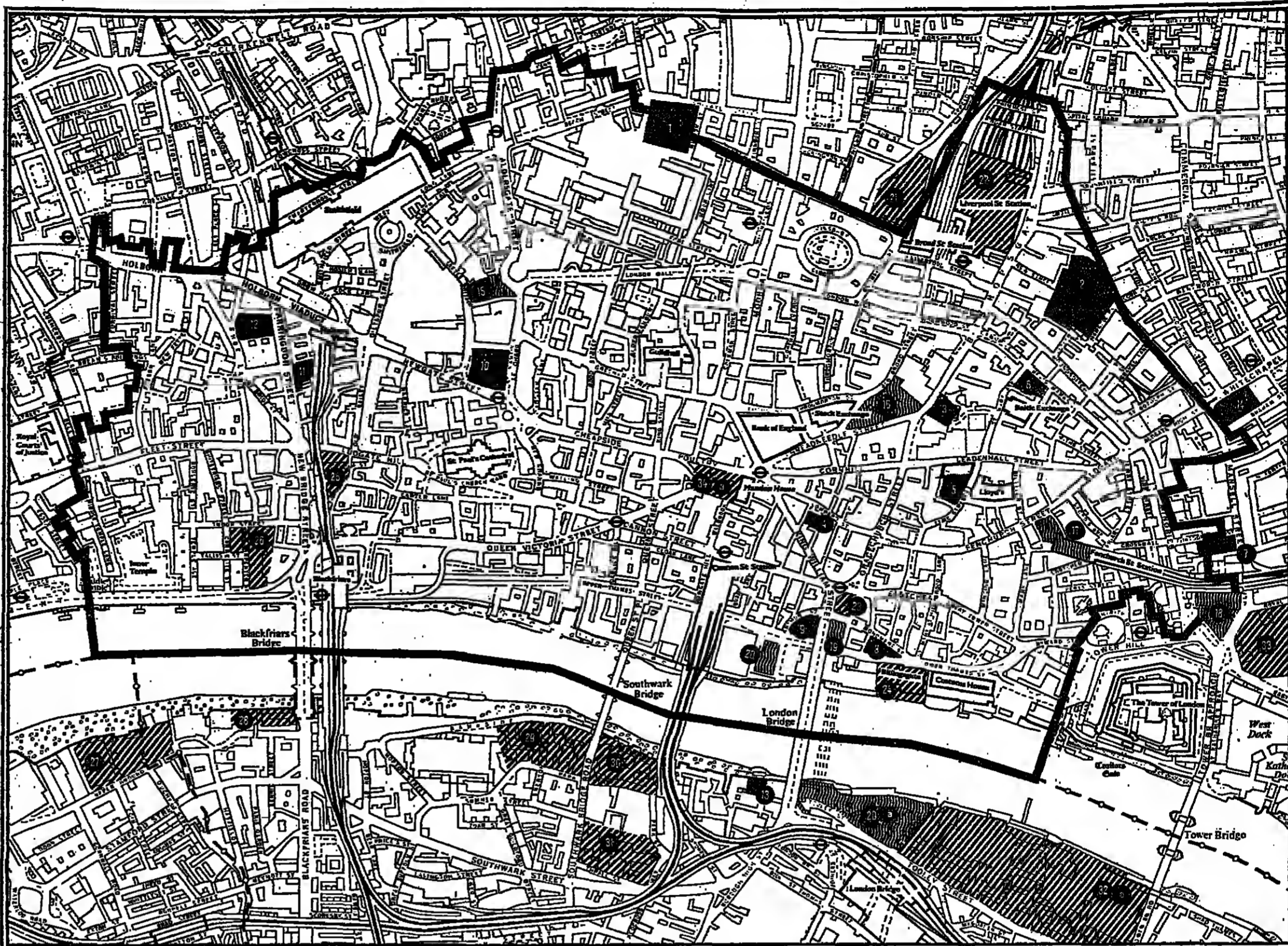
CITY OF LONDON PROPERTY VII

Office developments in the City of London

Source: Hillier Parker

The buildings marked on the map are listed below by postal area. The list shows the gross external floor area of each building together with a reference number indicating its position on the map.

Map Ref	Name	Sq ft
<b>Under Construction</b>		
1	Whitbread Brewery, EC2	148,994
2	Cutlers Gardens, EC3	621,325
3	28/30 Bishopsgate, EC2	194,500
4	24/28 Lombard Street, EC3	113,408
5	Lloyds Building, EC3	544,212
6	Bury Court House, EC3	121,000
7	Goodman's Yard, EC3	280,000
8	Peninsular House, EC4	115,841
9	King William St. House, EC4	210,891
10	Post Office HQ, EC4	410,191
11	Fleetway House, EC4	123,708
12	56/58 Farringdon Street, EC4	166,948
13	New Hibernia Wharf, SE1	119,560
14	Gardiners Corner, E1	330,200
<b>With Planning Consent</b>		
15	Little Britain Site, EC1	373,496
16	1/17 Old Broad Street, EC2	288,718
17	Fenchurch Street Station, EC3	127,861
18	Minorles Car Park, EC3	141,821
19	Regis House, EC4	151,997
20	Swan Lane Car Park Site, EC4	172,000
20a	Hays Wharf, SE1	738,000
<b>Proposed</b>		
21	Broad St. Goods Depot, EC2	500,000
22	Liverpool St. Station Site, EC3	1,200,000
23	Monument Station Site, EC3	100,000
24	Billingsgate Market, EC4	375,000
25	L1/E Site, Ludgate Hill, EC4	200,000
26	City of London School, EC4	450,788
27	Coin Street, SE1	995,000
28	Kings Reach, SE1	328,166
29	Globe Theatre Site, SE1	141,000
30	The Laing Site, SE1	270,000
31	Courage Bottling Plant, SE1	106,541
32a	Hays Wharf, SE1	1,335,974
33	Royal Mint Site, E1	300,000
34a	Mansion House Square, EC4	178,500
a = Change during January 1982 not included in totals		
<b>Analysis</b>		
	Developments	Floorspace
Under Construction	14	3,480,379
Proposed with Planning Consent	6	1,263,783
Proposed without Planning Consent	13	6,977,469



DEVELOPMENT activity in the City of London has been buoyant; last year speculative development completions reached an estimated 1.1m sq ft, the highest level achieved since 1975. This year, the total of speculative space due to be completed is likely to be around 1.5m sq ft, with about a third

of this total already pre-let. Despite the recession, which has hit demand for accommodation in most office property centres, the take-up of development space on the open market has remained much higher in the City than during the last recession. Whereas in 1975 less than 500,000 sq ft of the 1.1m

sq ft of completed space was taken up, last year take-up in new schemes approached 1m sq ft. Present developments include a broad mix of new schemes and refurbishment projects. The map above, compiled by Hillier Parker May and Rowden, pinpoints schemes planned or in

the course of construction of over 100,000 sq ft. Much of the emphasis in terms of new developments has been on the so-called City "fringe" areas, where sites have been more easily available and where the larger schemes have tended to emerge. Few new office schemes of any sig-

nificant scale are planned for the City's inner core, so that the fringes might well eventually provide the only opportunities for tenants seeking large amounts of space close to London's financial heart. For the time being, however, the recession is having an undoubted impact on the attrac-

tions of off-centre locations and promoters of some of the fringe schemes now being completed are unlikely to find the search for tenants an easy one. At Cutler's Gardens, on the eastern boundary, Greycoat is actively marketing its 790,000 sq ft office scheme, while some of the largest schemes to be

unveiled recently include St Martins Property Corporation's plans for Hay's Wharf, the Rosehaugh Greycoat scheme close to Liverpool Street Station and the S and W Berisford/London and Edinburgh Investment Trust proposals for the old Billingsgate market site on the Thames.

Key at 1st January 1982  
 Under construction  
 Proposed with planning consent  
 Proposed without planning consent

# City of London

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**Development and refurbishment continue to meet the sustained demand for City accommodation, as William Cochrane reports**

**Developers look past recession**

TWO MAIN themes emerge from the pattern of City office development—planned or proposed—over the past year or so. First, the ability and inclination of developers and financing institutions to look beyond the present recession; and, second, the sustained pressure to extend conventional City boundaries to make way for development on a large scale.

Estate agents Richard Ellis, despite their recently published reservations about the attractions of City property as a short-term investment option, have this to say in their recent review of the City of London office accommodation market in 1981:

"The relative strength of the market during the current recession has been due to a continuing demand for accommodation in new developments."

Ellis go on to point out that this factor accounted for almost 40 per cent of total take-up in 1981, a considerably higher percentage than in the previous recession when business confidence in the financial sector was severely hit. "Although growth in institutional bank lending is thought to have eased marginally last year, they say, 'financial firms in the City continue to increase their spheres of business.'"

The City, too, seems to be continuing to increase its catchment area for new tenants. Foreign banks in London, the majority of which are located in the City, are reported to have increased their number of employees by 4.8 per cent during 1981.

Of course, there is a sharp end to every market. Ellis expect that speculative development completions in the City will decline from a little over 1.5m sq ft in 1981 to around 1.2m sq ft this year. However, even here it could be argued that last year's total was swollen by something unusual: the completion of Greycoat Estates' 500,000 sq ft plus Cutlers Gardens development.

Cutlers Gardens, placed as it is on the "wrong" side of Bishopsgate, is a prime example of the outward pressure on conventional City boundaries.

Mr. Simon Harris of the specialist City agents Baker Harris Saunders explains it this way: "There has been, over the centuries, a natural development of the City from the River Thames going north, with bands of development since around 1600 which even today restrict large-scale new construction."

Therefore, close to the river and still relatively close to the City's banking/insurance core, opportunities for large-scale redevelopment have existed south of Upper Thames Street—which is why Billingsgate Market has been such a talking point, and why top accounting firms like Peat Marwick and Price Waterhouse have been tempted to locations like Puddle Dock and Southwark Towers respectively.

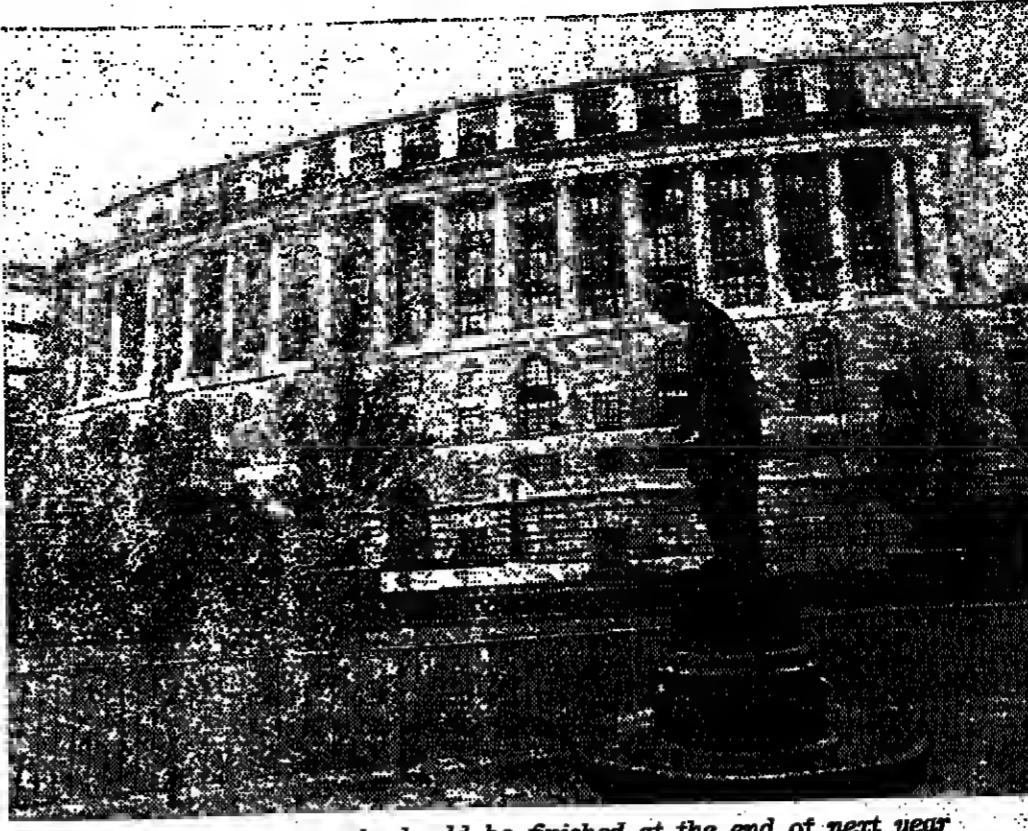
The band north of Upper Thames Street to Cheapside is a "natural" area for refurbishment, hence the doubts about Mr Peter Palumbo's plans for the island site facing London's Mansion House—which include an 18-floor, 137,000 sq ft net office tower.

**Influx**

North of Cheapside saw the influx of the Victorians and Edwardians, with purpose-built offices in Gresham Street in particular. The further north you go, say Baker Harris, the more modern the buildings become until the point directly north of London Wall where there are only pockets of older construction.

Mr Harris says: "Large-scale redevelopment will take place where outmoded uses have been contained in buildings which have not been considered architecturally important." Examples include the riverside wharves—especially south of the Thames, where developers have been planning office space in the millions of square feet at Hay's Wharf, Coin Street, Surrey Docks and Vauxhall; warehouses to the east, and British Rail's Liverpool Street Station to the north.

Neither the developers nor the subsequent occupiers of space developed on the City "fringe" take kindly to this trend being seen in terms of simple opportunism. British Petroleum, which took the 440,000 sq ft Whitbread/Trafalgar House development on the old brewery site at Chiswell Street, saw its move there last year as a step in the regeneration of the area.



Unilever House: work should be finished at the end of next year

**£37m renovation job**

THE RENOVATION of Unilever House, overlooking Blackfriars Bridge, and the headquarters of Unilever for half a century, has been in progress since 1977—the year in which the building was listed as being of historical interest. The work will not be completed until the end of 1983.

It has been a multi-faceted operation, involving what Unilever describes as "probably the largest and most complex refurbishment project ever carried out in an occupied building"; and, in fact, it goes far beyond the normal definition of refurbishment.

By the time it is completed, it is estimated that the project's total cost will be £37m. Of this, £12.8m has been spent on building a completely new north wing which adds 90,000 sq ft of gross space, and 70,000 net to the existing Unilever House areas of 230,000 and 190,000 sq ft respectively.

Built for function rather than style, the new wing contrasts strongly with the main building which has a predominance of private offices. It is largely open-plan, and was designed with the larger, service departments—such as personnel, marketing and accounts—in mind.

But the flexibility it has brought has been financial as well as occupational. In the course of its deliberations Unilever reckoned that it could reduce its headquarters staff from 1,850 to 1,500 which—without all this the building had been losing value. With it, the £24.2m spent on refurbishment was worthwhile in itself.

St Bridget's House, Kildare House and Conway House, directly north of the new north wing and bounded by Dorset Rise, Tudor Street and Bride-well Place, are about to go on to the market on the basis of lease (at a rental of £1.75m overall) or sale at an all-in price of £28m.

**Repairs**

That leaves the refurbishment of Unilever House proper at a net cost of £9m, all being well. By 1983, that refurbishment will have cost £24.2m gross, breaking down as:

- £2.1m for essential services (lifts, plumbing, electrical equipment), replacements and repairs;
- £2.1m for new space, including travel and communications centres which Unilever's project team has created by internal rebuilding;
- £19.6m for improvements and modernisation including conversion of the eighth floor—which a blind attic had previously made unsuitable for offices—into a suite for the company's top executives.

Mr Bert Sugarman, property controller of Unilever, says that already decided to decentralise. Indeed they had, and did: Birds Eye to Walton on Thames; Vant den Bergh to Burgess Hill; BOCM to Basingstoke; Lever Brothers to Kingston; and Unilever Export to Bristol, among others.

However, proximity to the City, Westminster and international airports, along with the need for adequate transport communication networks to subsidiaries, eventually decided the Board that the best course of action was to stay in London.

With that, Mr Frank Bez, previously involved in managing Unilever's headquarters buildings since 1960, took on the job of full-time renovation controller. Commercial aspects of this, he says, involved converting "a previously low-usable area to a good average factor."

**Benefits of useful option**

REFURBISHMENT, or the modernisation of existing buildings as an alternative to demolition and redevelopment, is a growth element in the property world and in the City in particular. It has become an attractive option in any combination of economic, environmental and political terms, and observers reckon that its popularity will continue.

Conservation is becoming an increasingly important part of political thinking. The City Corporation's latest report on conservation areas, says Mr Robert Evans of estate agents St Quintin, suggests that the currently conserved 14 per cent should be increased to 28 per cent, incorporating large tracts of Fleet Street, Ludgate Hill, St Bartholomew's, Bank, Kingsbury Circus, Eastcheap, St Helen's Place and Middlesex Street.

The report claims that the effect on development is wholly beneficial, as it restricts many buildings within the existing conservation areas have been successfully refurbished and easily let and that more building work is in progress than elsewhere.

The mere listing of a building is for the benefit of the passer-by, rather than the occupier, of course. Mr Frank Bez, overall controller of the renovation and redevelopment of Unilever House at Blackfriars talks with some feeling about the contrasts between imposing facades and "habitable interiors." It is refurbishment which brings benefits to the occupier, and even here the economics for the owner of the property are not as clear cut as they might seem.

Mike Baker of City agents Baker Harris Saunders, says: "Many owners prefer refurbishment because you don't need planning consent on this basis."

Where redevelopment is an option too, developers can be constrained by the currently acceptable plot ratio of 5:1, which means that a 20,000 sq ft site can take up to 100,000 sq ft of development. Existing buildings, built to previous standards, often have a plot ratio of 7 or 8:1.

So even if a City block is not the subject of a conservation order, it is frequently not economically viable to pull it down and start again. This says Mr Baker, is despite the institutional investment aspect which favours new buildings to a yield of 5 per cent, against maybe 5 1/2 per cent for the refurbished variety.

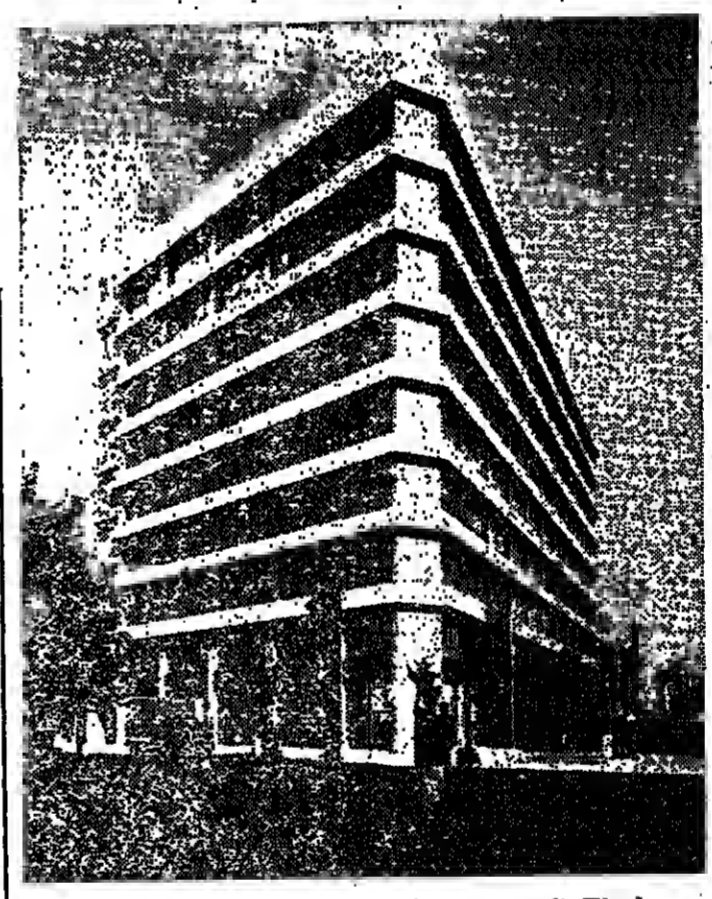
It follows that a 40,000 sq ft building let at £25 a foot for an annual rental of £1m would be worth £20m to the institutional investor new, and £2m less as a refurbishment. And, like the plot ratio, this is not the only percentage which alters in the redevelopment/refurbishment equation.

Planning aspects, say Baker Harris, only determine the gross area of the property. It is the net area which makes money, and the investment values attached to it. A new building, they say, should aim for a net to gross ratio of 80 to 82 per cent; with a refurbishment you can lose as much as 35 per cent of the gross.

It was arithmetic like this, say observers, which in 1979 decided Lloyd's of London—the centre of the UK insurance industry and no stranger to controversy in recent years—to demolish its 1928 building and redevelop the Leadenhall Street site to an ultra-modern design.

However, decisions like this can be taken only where the redevelopment option exists. Where it does not, there are still a great number of buildings which are quickly becoming outmoded, inefficient and losing value for both the occupier and the landlord.

Of course, the tenant has the option to move out, and the landlord could just let his property deteriorate, but neither of these options seems the right way to make use of prime space.



Ready for occupation: the 113,000 sq ft Finsbury Court is the largest brand new building available in the area, say its agents

**Finsbury Court on the market**

FINSBURY COURT, just outside the City proper on the corner bounded by Ropemaker Street and Finsbury Pavement, EC2, is a brand new development—just finished, now ready for occupation and only a matter of days on the market.

The development is jointly owned by Oldham Estate and Stock Conversion; the freehold is owned by General Accident. The building comprises 113,000 sq ft of net space, of which just under 100,000 sq ft is office accommodation. It has full air conditioning, six lifts and 20 car parking spaces.

Joint letting agents Strutt and Parker and D. E. and J. Levy are looking for an annual rental of £2.45m from a single tenant, and say that they have already attracted interest, from international companies among other potential occupiers.

The proponents of Finsbury Court, not surprisingly, have a number of strong points to make in its favour. It is very close to BP's Britannic House West in Chiswell Street, they say, and adds strength to the argument for regeneration of the area.

It is, they continue, the largest building in the area which is currently available brand new— a definition which excludes Cutlers Gardens on the grounds that part of the latter involved refurbishment of older property.

The corner site, adds David Leppard, of Strutt & Parker, gives Finsbury Court very good "day lighting" and good block width, which should make it very flexible in terms of partitioning. Location, quality of building and ease of sub-division are reasons advanced for a rent which—though not quoted in terms of pounds per square foot—is clearly more than the average that "fringe" development would expect to achieve.

**Sensitive**

Mr Leppard acknowledges that traditional City tenants are extremely sensitive about location, and that Finsbury Court is not in the main financial area. However, other observers have noticed significant gains in "respectability" for Finsbury Square slightly further north, with names like Merrill Lynch and Antony Gibbs adding quality to the covenant.

So, north of centre or not, Finsbury Court has already attracted interest from banks, not to mention trading companies which are not necessarily associated with the City at all. "A comprehensive development to a certain extent creates its own value," Mr Leppard says.

**Windows**

Reducing the number of blocks of lavatories from five per floor to three, purchasing extra windows to improve the eighth floor and putting in 70 old extra windows in the back wall of the building all made it capable of more intensive use.

A number of other planning considerations were involved, Mr Bez says, including improved security and the need to overcome the isolation of the original main entrance caused by the building of a new underpass on Blackfriars Embankment.

After that, says Mr Bez, it was a case of getting specifications to match the considerations and attitudes of management and staff, putting together a budget based on these specifications and of course getting the budget past the Board.

Design consultant Theo Crosby of Pentagram contributed both to the exterior and the interior—the latter with a theme relating closely to the original Art Deco styling. Marble, oak and glass have been used to good effect in the new entrance hall.

Mr Crosby says: "Most people nowadays take a short-sighted view of the building and the choice of materials used. It is rare to find a company with the foresight to invest in the best materials which will eventually repay the expense of the original outlay. After all," he concludes, "oak and marble were first used in Unilever House 50 years ago and they have lasted remarkably well."

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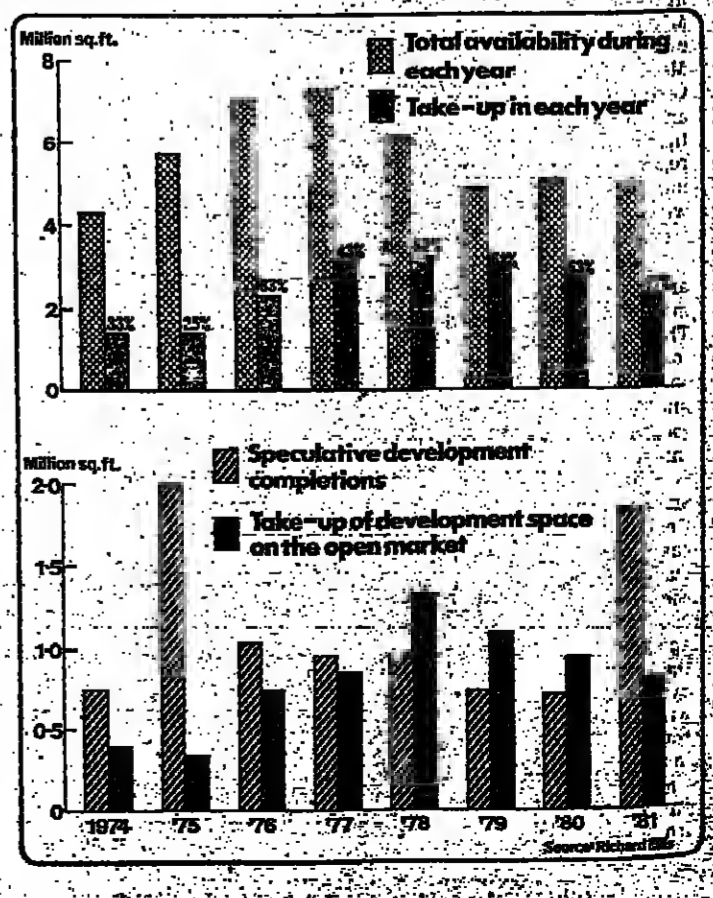
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فاندرسون السورتمن



POLITICS TODAY

The U-turn no one noticed

By Malcolm Rutherford

ONE OF the achievements of Mrs Thatcher's Government, though it may owe something to recession, has been the way that it has changed the intellectual climate.

Government there was a tendency to believe that if you looked after the money supply, everything else would look after itself.



replaced Sir Keith as Industry Secretary, is the most obvious example, but there are others. Mr Norman Fowler, now at Social Services, is one; so is Mr Cecil Parkinson, now the Party chairman.

There is another factor at work which may be even more fundamental — the realisation that the recession is so deep that it is necessary to try to make a virtue of that.

Without North Sea oil and gas, the British economy today would be totally different, whether one is talking about the exchange rate, import controls or practically anything else.

electorate was no longer influenced by memories of the Second World War and grandiose ideas of Britain's role in the world.

Lombard How to revive Europe's unity

By John Cherrington

DEFENDERS of the Common Agricultural Policy claim that it is the basic cement of the unity of Europe; that it has ensured European food supplies in an uneasy world, and that it has saved the small farmers of Europe from economic disaster.

Letters to the Editor

Alternatives for customers crossing the Channel

From Mr A. Gueterbock. Sir, Mr Shovelton (February 4), director general of the General Council of British Ship Harbours, states that the Dover Harbour Board has the capacity to use better and more efficient ferries and improve load factors to such an extent that it can cope with the forecast traffic for many years to come, at considerably reduced fares in real terms.

is extremely expensive. Competition between the ferries is, at present, responsible for the fare structure and very low load factors. The construction of a rail operated Channel tunnel will add further competition and thus prevent fares rising as much as they have done in the past.

merchandise vehicles allowed on British roads. As to whether we are prepared to "put our money where our mouth is" we would not be promoting our three phase, seven-metre diameter, bored tunnel, unless we were confident that we could raise the required private capital in accordance with the Government guidelines. The only guarantee we would require from the Government would be of a political nature.

Leyland and Bathgate decisions

From the Executive Vice-Chairman BL and the Chairman Leyland Group. Sir, Your article of February 11 concerning the three-week-old strike at Leyland and Bathgate was generally fair but contained one major inaccuracy.

Which came first?

It may not have escaped your notice that our parent company is the foremost manufacturer of rolling bearings in the world. The reason that SKF was founded in Sweden back in 1907 was that imported bearings weren't up to scratch.

the very purest steels. Those special steels are used in the manufacture of SKF bearings. But that's the smaller part of total output. For it was realised long ago that very many other industries need materials with exactly the same inbuilt cost saving qualities.

quality British steel products to our customers and our overseas sister companies. If you're a steel user—especially of the 'special' grades—then we're sure we can offer you superior products with service to match.

The railways' stress symptom

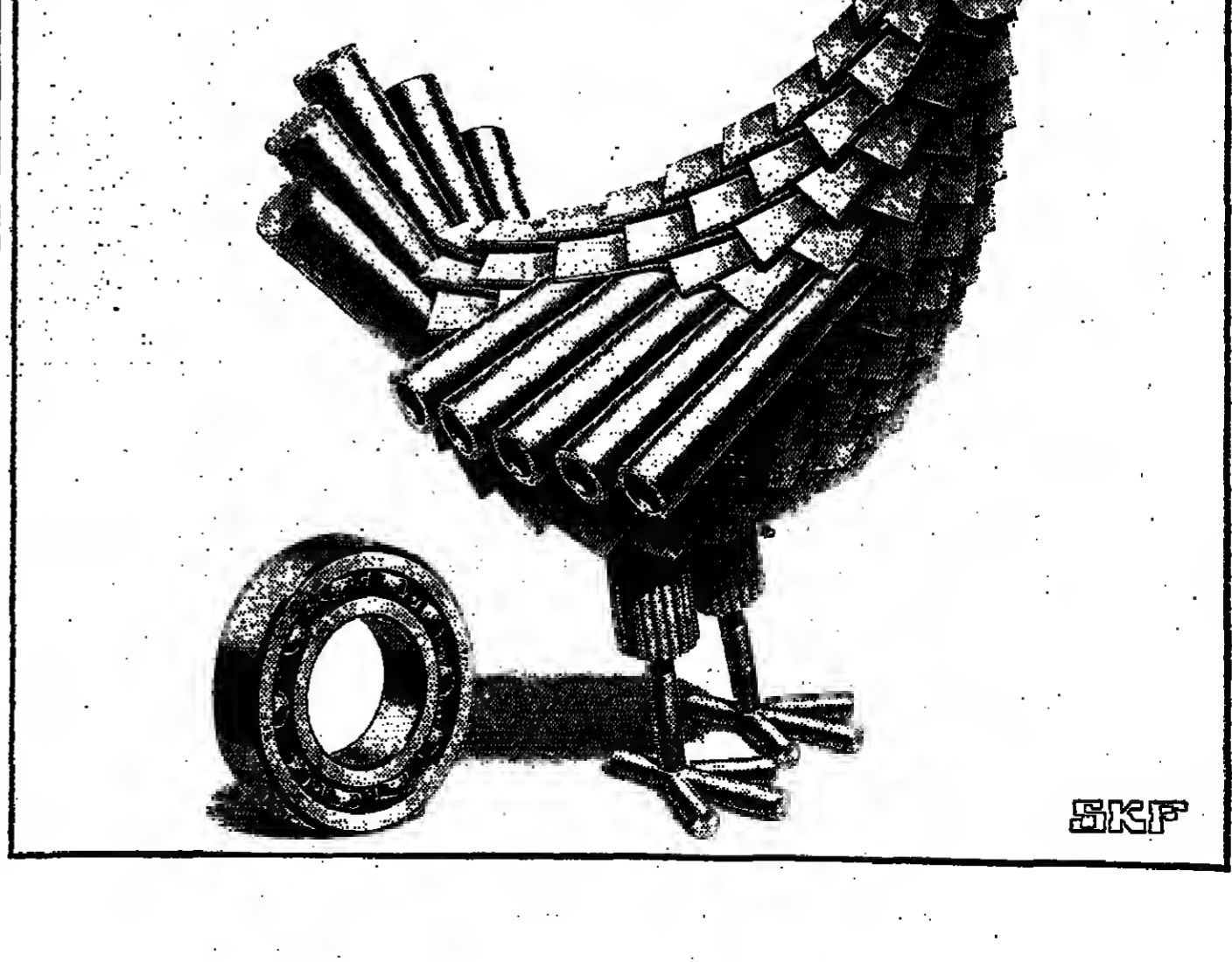
From the General Manager, British Rail (Southern). Sir, Lynton McClain's article (Southern—A System Under Stress) (February 4) begs more questions than can be answered in a single letter, but to say that the Southern Region Management is "faltering" is not an impression I have formed in my short time as General Manager. It was not shared either by the Monopolies and Mergers Commission who investigated British Rail's London and South East services very thoroughly, commenting in their report that overall "we were impressed by the Management we met at all levels" who were "totally dedicated."

is simply not the case. Variable rostering will allow more rest days and enable staff to group days off to give longer breaks from duty. This will be accompanied by a determined effort by management to reduce the incidence of signing on or off duty between midnight and 05.00. The facility to exchange shifts will still exist. Local negotiations would precede the introduction of this form of rostering so that any objections can be thoroughly discussed and any fears dispelled.

are available) and 1982 quotas is some 55,000 tonnes of textile and clothing products, the equivalent of the annual output of some 30,000 people in the UK industry. The EEC tells us that it would be contrary to its legal obligations to negotiate quotas on the basis of the most recent trade figures, although this was done when MFA 2 was negotiated and quotas were based on 1976 trade levels.

A grass roots initiative

From the Notional Branch Organiser, The Freedom Association. Sir, John Lloyd's informative and balanced article on the Walsall dinner ladies "I just got stubborn..." (January 29) contains two errors which may interest both him and your readers.



To pick up one point; the article talks of shortage of information available to passengers. The Region broadcasts live up-to-the-minute reports on its services throughout the morning and evening peaks on certain local radio stations and supplies information to others. There is sometimes a problem at station level and in the past few weeks we have carried out a campaign to underline to our staff the importance of keeping the passenger in the picture.

The multi-fibre arrangement

From the Chairman, British Clothing Industry Association. Sir, The UK textiles and clothing industries have estimated that tens of thousands of jobs are at risk because of what we see as an arbitrary decision to base quotas under MFA 3 (which will run from 1983 to 1986) on 1982 quotas.

Improvement in productivity is the key to the future of railways in Britain. Contrary to the views, expressed by some, there exists a very sincere desire by the Railways Board to keep up the momentum of improvement to working conditions and pay levels for all its work force. D. D. Kirby, Waterloo Station, SE1.

SKF Steel Ltd The Special Steel Specialist. Neachells Lane, Wednesfield, Wolverhampton, West Midlands WV11 3QF. Telephone: 0902 737473 Telex: 336733

Dowty Group down to £15.7m at interim stage

INDUSTRIAL ACTION extending over several months and culminating in a strike at the largest of its aerospace and defence companies, contributed to lower pre-tax profits at Dowty Group to the half year to September 30 1981.

HIGHLIGHTS

On a busy day for company news Lex studies the latest figures from Imperial Group. Profits for the year are £20m lower at £106m and the group is taking a long hard look at some of its activities.

commercial customers overseas for products already in production. The effect on profits of these programme changes would have been less significant had it not been for the industrial action mentioned earlier.

Weber Holdings advances to £181,368

TAXABLE PROFITS of Weber Holdings, investment property holding concern, finished 1981 at £181,368, compared with £140,525, after advancing marginally from £94,177 to £86,952 by the interim stage.

Although the directors expected to pay a net total dividend similar to last year's 17p they are, in fact, stepping up the payment by 3p to 20p per 50p share with a same-again final of 15p.

American Oil Field Systems

IN ITS first year of operation American Oil Field Systems reports pre-tax profits of £613,083 for the year from September 2 1980 to September 30 1981.

Strong second-half pick-up by Imps

THE PERFORMANCE of Imperial Group to the second half of the year to October 31 1981 has been better than expected. At midway similar pre-tax profits to those for the same period last year were forecast.

(£1.9m) and 50.3m profit (£3.3m loss); food, £57.4m (£58.4m) and £2.1m (£5.4m) (£58.1m) and £10.2m (£4.9m); brewery, £300.2m (£281.1m) and £33.1m (£18.6m) (£254.5m) and £27.6m (£22.2m); Howard Johnson (from June 17 1980) £132.7m (nil) and £2.4m (nil) - £197.7m (£107.5m) and £18.1m (£11.5m).

The trading surplus of the brewery division increased by 20 per cent to £50.7m. This included an advance in the surplus on sales of licensed properties of £1.7m.

Minority profits for the year totalled £288,000 (£276,000) and there were extraordinary debits of £34.9m (£13.3m-credits). Provision for losses, directly or anticipated to be incurred on rationalisation, closure or disposal of businesses amounted to £38.3m (£36.3m). Nevertheless, benefits from this action will be reflected in future performance.

DIVIDEND TABLE IS ON PAGE 22

£2.4m (£1.2m); U.S. 6983.1m (£391.5m) and £14.1m (£16.5m); Canada £3.3m (£2.3m) and £0.2m (same); other countries £20.7m (same) and £1.6m (£1.5m).

Reviewing the year's trading the directors report that the two main reasons for the decline in tobacco profits from £80.4m to £63.6m were a sharp fall in UK cigarette consumption and promotional costs in highly competitive conditions.

The food division achieved record profits from its non-property interests in 1981, with a marked recovery from the previous year's setback. In addition, the egg business returned to the black after the severe losses of the last two years.

Lonrho £7m lower at attributable level

ALTHOUGH pre-tax profits of Lonrho, the multi-national conglomerate, were ahead at £180.6m compared with £119.1m, attributable profits were down from £55m to £32.1m in the year to September 31 1981.

special payment of 1p. A first interim of 1p in respect of the year ending September 30 1982 is also being paid. Stated earnings per share are down from 18.4p to 14.8p, but net asset value per share has improved from 17.1p to 18.6p.

He says Kuhne and Nagel is both profitable and rich in potential, taking Lonrho into 20 countries where it had not been previously represented. John Holt Shipping Services, another warehousing and cargo subsidiary in Nigeria, achieved a record profit increase of 900 per cent.

will increase total gold production still further next year. Lonrho's collieries increased sales by 14 per cent to record levels of 5m tonnes of bituminous coal and 2,000 tonnes of anthracite. Construction work on a new anthracite mine has made good progress and output of 600,000 tonnes is projected.

Tea estates were affected in Malawi by poor weather and the final harvest was the lowest for some years at 4m kilos. Switching to the hotels division, Mr Rowland says the newly-acquired Princess group is pursuing opportunities for worldwide expansion. The new tower addition to the Acapulco Princess will be completed and operational by late summer.

Share offers planned by Renaissance

Renaissance Resources, a Canadian oil and gas company with assets of about C\$36m, is seeking a Toronto Stock Exchange listing and plans London dealing facility under Stock Exchange rule 183 (1) (e).

During 1981, Renaissance participated in 132 wells of which 70 were in Canada and 82 in the US. Success rate was 90 per cent. Primary Canadian activity areas are in the shallow basin areas of Alberta, British Columbia and Saskatchewan.

Renaissance is trying to secure new financing in excess of C\$25m this year and discussions are being held with companies in Canada and one in the UK.

Amersham share offer at 142p

ALL THE 50m ordinary shares of Amersham International, a Government-owned company which develops and sells radioactive materials, are to be offered at 142p each, which will capitalise the company at £71m.

Amersham's pre-tax profits have been stagnant for the best two years at around £4m. Sales last year were £48.5m. The company said yesterday that taxable profits for the six months to

September 1981 were £3.86m and for the full year, not less than £8.3m are forecast. Dr Burgess said that profits had previously been affected by the strength of sterling. The group buys most of its materials in the UK and exports more than 90 per cent of its output.

It is the Government's intention that no one party hold more than 15 per cent of the company. If such a holding were acquired, the shares exceeding

15 per cent would be de-facto controlled and subsequently sold. This special share contract gives the general right to vote at meetings of shareholders and is redeemable at par at the Government's option in March 1992.

The company's net tangible assets are shown at £34.8m. The issue is fully underwritten. The application list will open on Wednesday, February 18, Brokers to the issue are Cazenove.

Luxembourg listing for ESI London

ESI London, a distributor of defence technology products manufactured by its US parent company, International Signal and Control Corporation, has obtained a listing on the Luxembourg Stock Exchange.

ESI is a UK company which began substantial trading in July 1980 when it arranged an agreement with the US parent to market ISC's products exclusively in the Nato Europe area and now exclusively outside North America.

Wm. Jackson expects better second-half

The directors of William Jackson and Sons say the bakery division is in a loss-making position but that considerable and urgent reorganisation in the division is envisaged in an attempt to rectify the situation.

Norfolk Capital shows deficit of £29,428

A DIVE into the red is shown by Norfolk Capital Group for the year to September 30 1981. There was a pre-tax deficit of £29,428, compared with a previous surplus of £307,006.

A final dividend of 0.5p has been declared, the interim having been missed. In the last full year a total of 1.2p was paid. Earnings per share have fallen from 1.26p to 0.15p.

However, the directors emphasise that the market is depressed for certain of the hotels and in due course there should be a recovery from these levels.

A CCA pre-tax loss was stated of £2,079. Sir Maxwell Joseph indicated a couple of weeks ago that he was taking a much closer interest in the fortunes of lacklustre Norfolk Capital and the shares promptly jumped 12p to 36p, before easing slightly this week.

The National Bank of Australasia Limited

Highlights from the Chairman's address

DEREGULATION OF THE FINANCIAL SYSTEM. The recommendations of the Campbell Committee, if adopted, will significantly alter the operating environment of the Bank and other members of the Group.

Banking Company of Sydney Limited, sound and well directed progress has been made. A number of Joint Policy Working Parties have been set up to assist the Board and Managing Directors to review existing policies and to recommend policies for the new Bank. Priority is being given to those areas where prompt action is necessary to establish the legal and administrative framework of the new Bank, where long lead times are involved in implementing new policies and where significant cost savings and income can be generated through the co-ordination of existing activities of the two Banks.

MONETARY OUTLOOK FOR YEAR AHEAD. The banking system is presently subject to strong pressures, brought about by the heavy overseas run-out of private sector funds, and will enter the seasonal rundown in liquidity in a far less favourable position than we would like. Conditions during the winter months of 1982 appear likely to be very tight indeed. This highlights the need for a continued flexible approach, on the part of the authorities, to overall monetary management.

SUMMARY OF RESULTS (Year ended September) Table with columns for 1980, 1981, and % Increase. Rows include Group operating profit, Total Group assets, and Dividend per stock unit.

BELOIT WALMSLEY

Record sales of £40m have been achieved by Beloit Walmsley, the Lancashire paper machinery manufacturer, in the past 12 months. Ninety per cent of the equipment went for export.

Mr Alfred Pettengell, managing director, said that the encouraging results have strengthened the company's work base.

M. J. H. Nightingale & Co. Limited

Table listing companies and their share prices. Columns include Company, Price, % Change, P/E, and Fully Paid.

The Royal Bank of Scotland Group Limited

The Royal Bank of Scotland Group Limited announces that Mr. S. Procter has been appointed to the newly-created post of full-time Group Chief Executive. He relinquishes his post as Chief Executive of Williams & Glyn's Bank Limited. Mr. Procter will co-ordinate the activities of The Royal Bank of Scotland Limited and Williams & Glyn's Bank Limited, and the development of Group strategy for future growth. He will be independent of the day-to-day operations of the two banks.

A Group Head Office will be established at 36 St. Andrew Square, Edinburgh, and the Group London Office will be located at 24 Lombard Street when these premises are completed later this year.



مكتبة العبد

# The continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries

R.W. Rowland, Chief Executive



### Department Stores

We continue to hold 30% of the House of Fraser department store chain, worth £72 million at current share prices. I outlined the present position in my opening remarks, and I assure you that we will act reasonably and resolutely to bring about a sensible conclusion.

### Wines, Spirits and Beers

Whyte & Mackay, Scotland's most popular blended whisky, increased its sales by 21% in the United Kingdom. The John Holt Wine group in the United Kingdom had sales of nearly £70 million. Within this group, Ash & Nephew now operate 313 off-licenses, and during the year the subsidiary Jones of Spennymoor began bottling "7-UP" for the Tyne Tees area. The vineyards in the Bordeaux area, Châteaux Rausan-Segla, Smith-Haut-Lafitte, La Garde, de la Tour and Olivier, and our shippers, Louis Eschenauer, are in good heart, and the 1981 vintage will be a good one.

An important occasion in the Bordeaux wine trade is the "Fête de la Fleur" which was for the first time held in the Graves district and the venue chosen was your own vineyard Chateau Smith-Haut-Lafitte, a signal honour.

In Malawi our breweries produce a traditional African beer which is low in alcohol and high in protein, and sold nearly 13 million gallons. It is planned to build two new breweries to cater for the increasing local demand. The Group also operates a further 17 traditional breweries in partnership with African Governments.

In Nigeria John Holt's Pepsi Cola plant at Kano doubled its profit in its second full year of production at almost half a million cases of Pepsi Cola a month. A second plant came into production during the year at Kaduna.

Our Coca Cola bottling plant in Zambia has had a satisfactory year.

### Engineering, Steel and Manufacturing

The trading results of our United Kingdom engineering companies were over-shadowed by the problems at Hadfields in Sheffield. Hadfields are in direct competition with the Government owned British Steel Corporation; which immediately following the steel strike in 1980, supported by Government subsidies, embarked upon a programme of price cutting to win back the market share they had lost.

Proposals for the rationalisation of the engineering sector were made by British Steel Corporation in March 1981. However, acceptance of these proposals would have meant the total closure of Hadfields and the loss of 2,600 jobs; proposals which your Board considered cruel. It was therefore decided to start our own re-organisation of the company which was completed in June, and since then Hadfields has been making a contribution to Group profits. The losses which we absorbed before making these cuts were very considerable. We have had no financial or other help from the Government.

The Firststeel Group were profitable in the year, with Lightfoot Refrigeration achieving a fine return.

Demand for domestic and office furniture and stainless steel sinks remained at a low level for most of the year. However, a small but welcome increase was evident in the final quarter and this trend has continued into the current year.

Hopkinson, our plumbing factors, continued to expand.

Our engineering and manufacturing companies in Zimbabwe continue to go from strength to strength. W. Dahmer and Zambesi Coachworks are two of the country's leading bus, truck and coach-builders, whilst Crittall-Hope manufacture windows and door frames. In Nigeria we sold 10,000 outboard engines and built 600 glass-fibre workboats.

### Pipeline

The Trans-Mozambique pipeline is now ready to operate. During the 1981 dry season, some 80 km of damaged pipe were lifted and repaired or replaced. Negotiations are taking place with the Government of Zimbabwe on the tariff and appropriate revisions of the Concession Agreement and agreement in principle has been reached with the Government of Mozambique.

### Conclusion

I know you join the Board in appreciating the hard work and initiative of so very many people who work for Lonrho, and who have built up the strength of the Company to the point where we can yet again be proud in presenting the balance sheet to you. We look forward to next year's problems and successes and we hope you will stay with us as a shareholder!

Yours sincerely,  
R.W. Rowland

The seventy-third Annual General Meeting of Lonrho Limited will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Friday, 24th February 1982 at 12 noon.

The continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries, thereby balancing and protecting the interests of the shareholder who has chosen to invest through the Company. Over the last twenty-one years this has brought a thirty-fivefold increase in earnings per share, substantially outpacing inflation.

The balance sheet is healthy and assets employed in the Group have increased by 23 per cent. to £1,045 million.

Total net borrowings, excluding those relating to our confirming business, have remained at 34 per cent. of total assets employed, which is the same as last year. At the year end cash balances were £136 million. Net current assets stood at £143 million. With acquisitions and the growth of existing businesses, we are now employing 150,000 people. Group turnover was £2,500 million, and profit before tax £121 million.



### THE OBSERVER

We have made three major purchases since my last Review. In July we bought 50% of Kühne & Nagel, one of the world's biggest cargo, warehousing and forwarding businesses. Towards the close of the year "The Observer", a Sunday newspaper published in London, was acquired by our publishing subsidiary, George Outram and Co., from Atlantic Richfield of California. We also bought our partner in Princess Properties International, Mr. D. K. Ludwig of New York, and now wholly own the finest resort hotel in the world, the Acapulco Princess, and its sister hotels.

For the first time we have had to how to the recession of the economy in Britain and curtail operations at the wholly owned steel making subsidiary, Hadfields, after carrying prolonged and heavy trading and extraordinary losses amounting to £26 million. This has, of course, significantly reduced the net profit after tax in the current year, but you will be glad to read later in this Review that Hadfields continues in business as Britain's only independent steel maker to the drop-forging industry, and is now profitable.

Shareholders will have been puzzled at the decision by the Monopolies and Mergers Commission not to recommend that Lonrho's bid for the House of Fraser be allowed to proceed normally. The Commission decided that the bid was, on the whole, not in the public interest, although by a previous decision in 1979 they cleared the way for Lonrho to build up a 30% bid stake in the equity of House of Fraser. On the other hand, the national Press and the financial Press are unanimous in saying that the Report does not present an adequate argument against our making a bid, and that the House of Fraser shareholders should be allowed to take the decision themselves. We are moving to resolve the stated objections of the Commissioners.

### Mining

Metal prices were weaker during the year but higher output helped to offset some of the effect on profits. Total Group gold production was increased to 352,000 ounces. A new gold mine was established at Kipwal which will increase our total gold production still further next year.



The Princess Tower, Bahamas

Good progress has been made with construction work at Eastern Gold Holdings, a major new gold mine in partnership with the Anglo American Corporation. A subsidiary holds a 36% interest in this important venture. Production plans have now been revised upwards to an eventual 390,000 ounces of gold annually.

Last year I referred to plans to exploit a second higher-grade platinum reef. Construction of the new plant for treating this ore is nearing completion and a large increase in production of platinum group metals above the current level of 134,000 ounces is consequently expected from March 1982. Arrangements for refining and selling the additional platinum group metals are largely complete.

Our collieries increased sales by 14% to new record levels of 3 million tonnes of bituminous coal and 602,000 tonnes of anthracite. Construction work on our new anthracite mine has made good progress and output of 600,000 tonnes is projected.

We continue to search for new mining properties. Prospecting has been directed toward precious metals, coal, diamonds and industrial minerals.

### Agriculture and Ranching

Due to the strong price of sugar during the early part of the year and

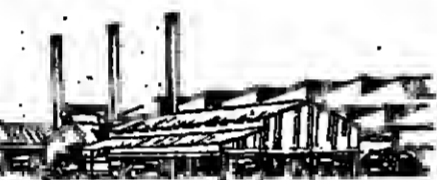
an increase in overall production to over 400,000 tonnes from 65,000 acres, the contribution to profits was substantially ahead of last year and an all-time record.

Both our sugar mills in Malawi and the large factory in Swaziland were working at full capacity. The new sugar project in Benin, in which we have an equity interest and for which we have the management contract, is well advanced and the factory is now being built. We also own three sugar mills in Mauritius.

The success achieved by our operations in irrigated sugar cane in Africa, and especially in the recent Kenana and Dwangwa projects, is becoming appreciated worldwide and consultancy contracts have been offered to us in several new areas including Brazil.

In Zambia we have one of the largest farming companies in the country, which this year grew and sold many thousands of tons of maize, potatoes, wheat and onions, as well as selling cattle and pigs, and supplying some 7 million eggs for the Lusaka market.

In Kenya we have a fully integrated agricultural operation stemming from wattle and its derivatives of tanning extract, charcoal and wood preservative, together with extensive arable farming and ranching activities. All organic waste, straw, feedlot manure and waste wood are utilised in a successful mushroom farm producing 500 tonnes per annum and calling for advanced biological techniques, including spawn production.



The Sacoma Sugar Mill, Malawi

In Zimbabwe we grow coffee, wattle and pines, and run several large herds of beef cattle. The Group's total herd averages 100,000 head, with sales of 20,000 a year.

The Group's tea estates in Malawi were affected by poor weather conditions and the final harvest was the lowest for some years at 4 million kilos.

### Hotels

1981 represented another excellent year for Princess Properties International, of which Lonrho now owns 100%, having recently acquired the remaining 30% interest.

The Princess Group is pursuing opportunities for worldwide expansion and taking advantage of the excellent reputation it enjoys in the tourist industry.

The new tower addition to the Acapulco Princess will be completed and operational by the late summer of 1982. Additional land has been purchased in Mexico City to complete the hotel and office block site on the magnificent Paseo de la Reforma, and it will represent the most valuable construction site in Mexico.

In the United Kingdom, another poor tourist year has affected the results of our hotels. The modern Birmingham Metropolitan Hotel achieved a higher profit than forecast, and gained a new record of over six hundred conferences and exhibitions. We are still the foremost Conference and Exhibition Hotel Group in the country, and the continued improvements carried out by our wholly owned builders, Fassmidge Son & Norris, will help to ensure that we retain that position.

The Casino division has grown in the past year under strict management supervision and, when all improvements have been completed, should contribute significantly to your Group's profits.

### Motors

As importer for Volkswagen/Audi motor vehicles, our subsidiary V.A.G. (United Kingdom) had a successful year and has surpassed previous figures. It has been a year in which they achieved the highest-ever vehicle sales figure of 83,330 units. With a 5.5% share of the U.K. car market, it became the leading importer of

European cars. We are confident that this trend will continue through 1982.

We also own numerous motor retailing outlets in the United Kingdom through which we sold 20,000 vehicles during the year and increased our share of the British Leyland car market to 5.6%.

We are sole distributors in Britain of Deutz tractors, Fahr agricultural machinery and Taarup mowers, which are proving to be most successful.

Jack Barclay, the world's largest distributor of Rolls-Royce and Bentley motor cars, once again made a significant contribution to the results of our motor retailing division. The new Rolls-Royce Silver Spirit, introduced last year, has been well received.

Jack Barclay European has just completed a full year as Volkswagen/Audi dealers. It has made an encouraging contribution to their main business of servicing their customers' Rolls-Royce and Bentley motor cars.



The Volkswagen Golf and Audi Coupe

In East and Central Africa, our motor division suffered from a severe curtailment of import permits due to lack of foreign exchange. In Nigeria we had record sales of 77,500 Yamaha motorcycles and we continued to distribute Mercedes commercial vehicles and Volkswagen motor cars. Overall we sold 216,315 motor vehicles throughout the Group.

### Clearing, Forwarding, Warehousing and Cargo

As an international trading company we clear, forward and warehouse on our own behalf. The acquisition of a 50% interest in Kühne & Nagel gives us international capability, with very valuable overseas connections and traditions.



Kühne & Nagel Freight not been represented.

Kühne & Nagel is both profitable and rich in potential, taking Lonrho into 20 countries where we had previously

They have 300 offices worldwide, and almost a century of experience.

John Holt Shipping Services, the leading air cargo handling agents in Nigeria, achieved a record profit increase of 300%.

### Aircraft

Our Beechcraft dealership in Africa had a very good year selling 111 aircraft.



Beechcraft aircraft

During the year we secured from Gates a franchise for Learjet. The Group owns or leases a total of 30 aircraft, including a Gulfstream II and 3 Boeing 707's.

### Textiles

Despite the depressed condition of the textile industry, Lonrho Textiles has managed to hold its market position and the "Accord" range is now firmly established as a major brand of co-ordinated bed linen. The Brentford chain of shops, which aims at a mass market, was expanded during the financial year and by the year-end 56 shops were open, with three more near completion.

Our Lancashire based David Whitehead textile operations have been re-organised and continue to trade profitably. The John Barnes division currently exports 50% of its knitted fabric production to the motor trade in Europe.



Knitting machine at David Whitehead

Our textile companies in Africa have again had a very successful year. In Malawi, David Whitehead increased their production of woven cloth by 17% to 34 million yards, while sales in both the domestic and export markets remained buoyant. An important programme of capital expenditure involving the purchase of over 60 new looms is currently in hand in Zimbabwe.

YEAR AT A GLANCE	1981	1980
Turnover	£2,456.6m	£2,100.7m
Profit before tax	£120.6m	£119.1m
Profit attributable to Shareholders before extraordinary items	£38.1m	£45.0m
Net assets per share	186p	171p

Balance Sheet at 30 September 1981		
	1981	1980
	£m	£m
<b>FUNDS EMPLOYED</b>		
Share capital	65.46	65.22
Reserves	422.71	381.44
Equity interest	488.17	446.66
Minority interests		
Princess Properties International*	99.21	65.16
Other minority interests	113.89	86.16
Deferred tax	-75	-53
	702.02	598.51
Loans	342.87	249.80
	1,044.89	848.31
<b>ASSETS EMPLOYED</b>		
Fixed assets	669.48	539.86
Associates	189.09	137.13
Investments	43.38	24.69
Net current assets	142.94	146.63
	1,044.89	848.31

\*The minority interest in Princess Properties International was acquired on 2 December 1981 for a purchase consideration of £52.30m, giving a surplus on acquisition of £46.91m which will be credited to reserves.

# LONRHO

Lonrho Limited, Cheapside House, 138 Cheapside, London, EC2V 6BL

The text is taken from the Chief Executive's Review contained in the 1981 Report and Accounts which will be published in late February. Copies will be available from The Secretary, Lonrho Limited, Cheapside House, 138 Cheapside, London, EC2V 6BL.

BIDS AND DEALS

Robert H. Lowe Public Limited Company KNITTED GARMENT MANUFACTURERS

Home Charm to pay £14m for Sankey Homecentre bid for Croda

ON THE face of it, Home Charm has taken the gamble of a lifetime by agreeing to buy the Sankey Homecentre stores for £14m.

Raising the stakes further, the do-it-yourself sector is far from buoyant. Now add an element rarely found at a poker table—the £14m is being raised by an overdraft from Barclays Bank.

However, Home Charm starts with a strong hand. Since its market debut in 1971, it has recorded consistent profits growth with only one setback in 1980 when the competition intensified and margins shrunk.

A full recovery is expected for the year ended last December, with profits of £2.5m against £1.6m in 1980. Sales have surged from £4m in 1971 to £60m in 1980, and the company yesterday defended its bold move on several fronts.

"We've had nil growth from our existing stores in 1981," said Mr Manny Fogel, Home Charm's chairman. "Our growth has been coming from new stores. We want to keep moving."

As for the financial burden of the borrowings, Mr Seymour Seidman, a director, said: "We hope to get rid of the overdraft within 12 months of the purchase."

The deal, which includes 25 existing stores throughout England and Scotland and two under construction, is expected to be completed by March 31. At the moment, Home Charm has no net borrowings.

The Chairman continued: After taking into account the substantial tax credit resulting from the release of deferred taxation provisions no longer required, your directors are recommending the payment of a final dividend of 2.6p per share on the ordinary share capital, which with the interim dividend already paid, of 0.655p per share will make a total of 3.255p per share, compared with the total dividend of 2.722p per share in 1980.

With regard to future prospects I am pleased to report that recent months have seen a marked improvement in the Group's trading position and all production units are now working full time.

The forward order position has also shown a degree of improvement compared with 1981 and sufficient orders have been placed to ensure continued production well into 1982.

With these factors in mind your board have every reason to look forward to a satisfactory year's trading providing the economic climate remains favourable. In addition your directors intend to further expand the Group's manufacturing base, by acquisition if necessary, in order to maintain and improve the Group's profitability.

Home Charm, the largest independent DIY retailer, yesterday agreed to buy the Sankey Homecentre stores for £14m. Home Charm itself has shareholders' funds of about £10m and a market capitalisation of some £18m.

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would also help reduce the debt. However, Mr Seidman admitted that profits for 1982 could well be flat. He said the cash flow from the acquisition should help cover the financing costs in 1982. By 1983, he added, the group would be able to move forward again.

The Sankey stores now have a turnover of about £18m which works out to about £27 per sq ft. Home Charm has sales of about £60 per sq ft, aided by stronger sales in the smaller stores.

Analysts yesterday said that Home Charm should be able to double sales at the Sankey stores over the short term. The key problem for Home Charm will be the initial interest charges of some £2m in the first year. Analysts agree, however, that the group is well-managed and has followed a policy of expansion with good results.

The Sankey stores will be converted to Home Charm stores—the Home Charm banner—over the next year, at which time the group will be able to advertise nationally. The Sankey Homecentres have not been heavily promoted through advertising.

Mr Seidman said the move would put pressure on the group. "Sure I've got fears. I have to hope interest rates don't go up and that nothing goes seriously wrong with the country."

"I think within our trade we're doing OK. We're one of the few making profits. We just hope we can ride this thing out."

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THE CASH bid by Burmah Oil for Croda International, the specialty chemicals group, yesterday passed its second closing date and was extended until 3.30 pm on February 15.

Burmah disclosed that acceptances had been received on behalf of 3,118,653 ordinary shares and 232,724 deferred shares. Taken in conjunction with the 17.4m shares acquired by a Burmah subsidiary in the "dawn raid" of December 18, this represents a total of 17.9 per cent of Croda's voting capital.

Burmah also criticised Croda's recent forecast of a 36 per cent increase in its dividend for 1982. Reminding Croda shareholders that this would require a gross payment by their company of £10.8m, the bidder says they "should be extremely concerned at this development" which runs "directly contrary" to the prudent management professed by the Croda board.

Burmah referred to the review of 1982 prospects promised by Croda, repeating that full

information would be expected on dividend cover and retention levels. "Only then will shareholders be able to assess properly" Croda's current position in the stock market.

Croda's ordinary and deferred shares closed unchanged at 82p and 54p, against Burmah's cash offers of 70p and 45p respectively.

Mr Richard Heselton, Croda's director for corporate development, said the take-over bid appeared to have "ground to a halt" since the raid in December.

"Burmah seems to be saying that Croda shareholders should not sell them in the market but rather wait to hear what Croda's board has to say about the future. That is advice which we heartily concur."

Mr Heselton again confirmed that Croda was still working on a review of its prospects. This would be published "in good time" and would provide "information to back up the dividend forecast."

Mr Stockwell has resigned as a director of Change Wares and will in future concentrate exclusively on his activities as an executive director of H. Stockwell and Co., the principle subsidiary of Change Wares. Mr Dutton remains as finance director of H. Stockwell and Co. and the service contracts of Mr Stockwell and Mr Dutton have recently been extended.

MITCHELL SOMERS Mitchell Somers has acquired a further 600,000 ordinary shares in F. H. Tomkins at 18p. This brings Mitchell Somers' holding to 5.91m ordinary shares which is 23 per cent of the issued ordinary capital.

Bertam Holdings—Jobore State Economic Development Corporation now holds 4,067,500 ordinary shares (20.82% per cent).

Thomas Nationwide Transport—The Australian Mutual Provident Society now holds 16,500,113 "A" and 7,071,628 "B" shares.

D. F. Bevan (Holdings)—Mr Derek Frank Bevan, director, wife disposed of 40,000 ordinary (0.50 per cent), and now holds 1,430,374 ordinary shares (18.20 per cent).

Burnt Pulp and Paper—Mr F. A. G. Schoenberg disposed of 50,000 ordinary (non-beneficial).

Reynolds—Mr G. R. Chandler, director, sold 20,000 Ordover Trust Tempo Jove Investment Trust sold 25,000 ordinary now holds 400,000 ordinary (7 per cent).

Town and City Properties—Hambros no longer has a beneficial interest in any 7 per cent convertible cumulative preference shares. Hambros retains beneficial interest in 38,288,170 ordinary shares.

F. Austin (Leiston)—Mrs Austin, the wife of Mr F. Austin, president, has sold 50,000

ordinary shares. The Frank Austin Foundation Charitable Trust, of which Mr J. A. Austin, chairman, is trustee, sold 50,000 ordinary shares.

Pengakalan—The Straits Trading Company no longer has an interest of 423,517 ordinary shares.

Warner Estate Holdings—Mr P. C. T. Warner, director, has disposed of 22,500 ordinary shares.

The General Scottish Trust—The Sun Life Assurance now holds 2,000,000 ordinary (10.38 per cent).

Lessey Products—Mr M. E. Alberger, director, bought 5,000 ordinary shares.

Transparent Paper—London Trust Company is now interested in 400,000 ordinary (approximately 5 per cent).

Hoskins—Mr Horrobin-Claston and Garland has purchased 335,000 ordinary and now holds 360,400 ordinary (21.14 per cent).

The Rio Tinto-Zinc Corporation—Norwich Union Fire Insurance Society purchased 175,000 3.5 per cent "B" preference and now holds 470,000 "B" preference (14.95 per cent).

LONDON TRADED OPTIONS table with columns for Option, Expiry, Closing price, Vol., etc.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, etc.

HAT gets Tighe group for £9m

HAT Group, the building services and materials company, is making a £9m acquisition which will double the size of its painting division and take it into the field of specialist grit and shot-blasting cleaning.

It is paying £3.5m in cash and issuing 700,000 shares for Jack Tighe, a substantial painting contractor based in the North East.

The Tighe group of companies was established in the early 1950s and is now said to be one of the largest European groups in the field of industrial and commercial painting.

Over half of its turnover comes from heavy industrial, petrochemical and North Sea oil related contracts with the balance from commercial, domestic and maintenance painting and decorating. Other activities include scaffolding,

industrial cleaning and ceiling partitioning work.

The purchase price has been calculated against Tighe's net assets at the end of this month being no less than £7m and that pre-tax profits in 1982-83 and 1983-84 will not be less than £1.8m a year.

HAT, which has grown out of the Telling family plastering business into a group with nearly 70 separate subsidiaries active in building services, is financing the acquisition without any need for borrowing. Last August, the company raised £7.4m from shareholders by a rights issue. At that time the directors said that the money was to finance selective acquisitions.

Yesterday the shares rose 1p to 77p capitalising HAT at £47m. The two companies had discussed the possibility of a get-

together as far back as 15 years ago but serious discussions did not get under way until last autumn. Tighe has been unsuccessfully courted by others over the past 18 months and as recently as last Monday an approach was made.

HAT is buying Tighe with vendor warranties as to assets and future profitability. If either assets fall short of £7m or profits for the next two years are below £1.8m the vendors, the Tighe family and family trusts, will have to repay HAT up to £1m.

However, if profits in either of the two years to February 1983 and 1984 are between £1.8m and £2.5m the vendors will receive additional consideration amounting to 1/9th of the amount by which profits go over £1.8m. If profits are over £2.5m the additional payment will be half the profit.

Mr Seidman said the move would put pressure on the group. "Sure I've got fears. I have to hope interest rates don't go up and that nothing goes seriously wrong with the country."

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Lloyds and Scottish Limited logo and name

1981 Results Although market conditions were generally unhelpful to our financing activities, satisfactory performances were achieved by a number of the Group's subsidiaries and, helped by a lower cost of money, profits increased by 33% to £29.2 million.

Financial Highlights table with columns for 1981, 1980, and percentage change.

A Period of Change Since we last reported on the results of the Group, two major events have occurred— Lloyds Bank increased its shareholding to 60.3% Bowmaker was acquired for £66.5 million.

Lloyds and Scottish Limited logo and name, George Duncan, Chairman.

DIVIDENDS ANNOUNCED table listing companies and their dividend details.

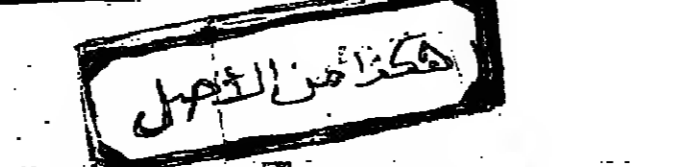
BANK RETURN table showing banking department figures.

ISSUE DEPARTMENT table listing liabilities and assets.

SUMMARY OF RESULTS for the year to 27 September, showing turnover, profit, and earnings.

PLOXTONS The Great British Coach Builders logo and name.

Private Investment Company for Asia (PICA) S.A. Floating Rate Notes 1986.



## UK CAR SALES

# Cut-throat battle hits profits

By Kenneth Gooding, Motor Industry Correspondent

THE SOCIETY of Motor Manufacturers and Traders' committee has now disgorged the first statistics about new car sales in Britain last year and it makes uncomfortable reading for some companies.

Cut-throat competition in the form of price-cutting and various other incentives remained the major feature of the market last year, something the bare statistics cannot show. But many people feel that this hectic activity pushed up total sales while doing nothing to help the profitability of individual companies or their dealers.

Certainly the new car market did not fall as far as was expected. Registrations totalled 1.5 million, down only 1.8 per cent against the 4.5 per cent drop forecast by the industry in January last year.

The importers' share of the market slipped from the record 57.7 per cent in 1980 to 55.7 per cent. The main influence was Renault's decision to assemble most of the cars it sold in Britain at its British plants instead of bringing them from Belgium or Germany. Last year 203,281 of the Fords registered were assembled outside the UK—representing 13.69 per cent of the total British market—compared with 218,760 or 14.31 per cent in 1980.

Summing up you could say that it was a year of mixed fortunes for the UK-based manufacturers, a year when the Germans made great progress in Britain but it was something of a disaster for the French.

Only two years ago, for example, Renault seemed certain to reach a 6 per cent market share in the UK, was proclaiming loudly it would shortly take over from Datsun as the leading traditional importer and that it was aiming for annual registrations of 100,000 in Britain.

Instead Renault went into reverse, lost UK market share and suffered a sharp decline in car sales. Look for the reason and you get a different story from the manufacturer and the dealers. Renault hints, unofficially, that some of its dealers were not up to the mark and were simply not good enough to sell new cars in a competitive market. Some dealers maintain the company has been too bureaucratic and inflexible in its approach and has been too interested in market share rather than profitability.

This family quarrel will have to be patched up if the company is not to fall back again this year. Renault now intends to build its market share back to 6 per cent more gradually and has stopped talking about 100,000 a year sales.

Last year was traumatic for the other French group, Peugeot. Its Citroen subsidiary managed to hold its place in the market. But sales of Peugeot cars and those of the Talbot UK division fell badly behind. Paradoxically, this was in part because of moves to strengthen the Peugeot and Talbot networks by welding them together so that cars of both brands can be sold side by side in the same showrooms. This has caused internal disruption and to some extent diverted the management's attention away from the main objective of maintaining car sales in a very difficult market.

Talbot, according to assistant managing director Mr Palmer Paradise should have at least 7 per cent of the UK market. But closure of its car plant at Lincoln last year was bound to have more than just a psychological impact. Talbot's small hatchback, the Sunbeam, and the medium-sized Avenger, went out of production when Lincoln shut down and these two models could have given the company at least another 1 1/2 per cent market share. The Citroen with this year count as a "British" car as it is being assembled (from French kits) at Coventry and the company will soon have



The top-selling marques in 1981 of Britain's top three car manufacturers: the Ford Cortina (top), BL's Austin Metro and Vauxhall's Chevette.

The Japanese "restraint" started in 1975 and was designed to give BL some time to recover from a position of severe weakness. BL would claim that the recovery actually started last year. For the first time in seven years it showed a market-share improvement, up from the depths of 18.2 to 19.2 per cent. And it showed an increase in unit sales, up from 276,000 to 285,000.

Mr Ray Horrocks, chairman of BL Cars, believes that if the 1982 new car market reaches the 1.5m, as has been widely forecast, the group will improve its penetration by at least another 1 per cent. In fact, the dealers insist that close to 23 per cent is a possibility this year.

Ford set itself a highly optimistic target of 33 per cent of the market in 1981 and claims it would have met it if only its British plants had produced the number of cars they were scheduled to turn out.

Some Ford dealers, still exhibiting the scars from the price wars of 1981 are not so sure. Ford says that no customer can be more than five miles from any of its dealers in Britain. A proud boast. But it does mean that in difficult times the Ford dealers battle among themselves as much as with the competition. It had record turnover last year but it made hardly enough profit to keep the business afloat, said one Ford dealer who complained bitterly about some of the methods used by others in the network to snatch business from him.

Ford is looking for a 32 per cent market share this year, a modest 1 per cent improvement. But in 1982 the Cortina, best-selling individual model in Britain for so many years, will go out of production to be succeeded in the autumn by the Sierra, by all accounts very

different from the vehicle it replaces. Ford also acknowledges that the Triumph Acclaim, in its first full year, might dent Escort sales a little while the new Vauxhall Cavalier, the British version of General Motors "J" car, is a major competitor for the Cortina.

Vauxhall ended 1981 in fine style, thanks mainly to the Cavalier, and had an 11 per cent market share to both November and December—the best months for the group since November 1978.

General Motors is combining the Vauxhall dealership network in Britain with that of its West German subsidiary Opel.

In 1982 the Cortina, best-selling individual model in Britain for so many years, will go out of production.

The man put in to supervise the restructuring and to oversee Vauxhall's predicted come-back, Mr John Bagshaw, insists the network can sell 170,000 new cars this year for a market share of around 11 per cent. By the mid-1980s Vauxhall-Opel will have over 16 per cent, he forecasts.

Of the other major importers, Fiat has been struggling to find the right formula in Britain for both its Fiat and Lancia marques. Its market share sank from 4.6 in 1979 to 3.4 per cent in 1980. The group merged the Fiat and Lancia dealership networks and aimed for more than 5 per cent in 1981.

Having missed the target again — its actual share was just over 4 per cent — Fiat is more cautious about 1982 when it looks for a 4.5 per cent share of a 1.5m market.

In comparison, Volvo is one of last year's success stories. It not only had record car sales

## UK NEW CAR MARKET 1981

Company	Country	1980		1981	
		Registrations	Market share %	Registrations	Market share %
<b>WINNERS</b>					
BL	UK	275,798	18.22	285,071	19.20
BMW	West Germany	13,451	0.89	17,084	0.94
Colt	Japan	10,273	0.68	11,209	0.76
Daihatsu	Japan	1,355	0.09	3,059	0.21
Fiat	Italy	51,299	3.39	41,977	4.17
Lada	Russia	13,043	0.86	15,508	1.04
Mercedes	West Germany	8,876	0.59	10,667	0.72
Subaru	Sweden	8,073	0.53	9,461	0.64
Skoda	Czechoslovakia	7,906	0.52	8,507	0.57
Subaru	Japan	3,252	0.21	3,312	0.22
Suzuki	Japan	1,114	0.07	2,523	0.17
VAG (Volkswagen-Audi)	West Germany	46,285	4.51	80,221	5.40
Volvo	Sweden	38,283	2.53	44,558	3.00
<b>NEUTRAL RESULTS</b>					
Ford	UK/Germany	464,706	30.7	459,365	30.94
Vauxhall	UK/Germany	109,218	7.21	107,572	7.24
Nissan	Japan	15,370	1.02	15,394	1.06
Citroen	France	27,006	1.78	27,395	1.85
<b>LOSERS</b>					
Alfa Romeo	Italy	70,219	0.48	8,030	0.54
Datsun	Japan	97,893	6.07	88,209	5.94
PSO	Poland	3,989	0.26	2,329	0.16
Opel	West Germany	22,849	1.51	18,796	1.26
Honda	Japan	22,760	1.5	15,774	1.06
Jeep	U.S.A.	706	0.1	68	0.00
Panther	UK	95	0.01	42	0.00
Peugeot	France	24,332	1.60	17,805	1.19
Talbot	UK/France	90,874	6.0	68,048	4.58
Reliant	UK	682	0.05	308	0.02
Renault	France	88,343	5.84	72,041	4.85
Rolls-Royce/Bentley	UK	1,315	0.09	1,218	0.08
Toyota	Japan	34,167	2.26	23,405	1.58
Total British		655,089	43.3	658,089	44.33
Total Imports		858,517	56.7	826,938	55.67
Total market		1,513,761	100	1,484,622	100

Source: Society of Motor Manufacturers and Traders

right-hand-drive versions of the recently launched Samba, with its claimed 80 mpg economy.

These two cars in a full year should add 5 per cent to Talbot's penetration and the company's target is to be back at 7 1/2 per cent in 1983.

All three German car manufacturers made real progress in Britain last year — it was not simply a question of maintaining unit sales in a depressed market. Registrations of Mercedes cars in Britain passed the 10,000 mark for the first time and the UK remained one of the best markets in the world for the more-expensive end of the group's range. Indeed, Britain is the best European market for the top-of-the-range S-class saloons, SL sports cars and coupes and TL estate cars.

Mercedes maintains: "Good service from a country-based and profitable dealer network." The Japanese played the game to the agreed rules last year by squeezing just below 11 per cent of the market which would have been the maximum acceptable to the British industry.

is one factor in its success while another is that its cars do not depreciate as fast as most rivals in the "executive" class.

Mercedes has owned its UK "import" company for the past seven years. BMW took over its service from a country-based importer. ("Traditional" imports are highly visible compared with the "captive" imports by UK-based companies from their overseas associates).

Datsun UK, a privately-owned company which has no equity links with Nissan in Japan, will be constrained, like the rest of the importers of Japanese cars, by the "voluntary" agreement on car shipments to Britain. The Japanese played the game to the agreed rules last year by squeezing just below the 11 per cent of the market which would have been the maximum acceptable to the British industry. The system went haywire in 1980 and the Japanese, in spite of frozen last-year registrations, ended that year with 11.9 per cent.

Last year those Japanese companies which showed the biggest sales growth in 1980—Toyota and Honda—were forced to give back the captured ground. Almost certainly this was because of an edict by the Japanese authorities rather than normal commercial and competitive reasons. However, the Ministry of International Trade and Industry in Japan seems to be taking the view that as many Japanese groups as possible should gain a firm foothold in the UK market just to case one day freedom of operation returns.

For example, in a year when total Japanese registrations dropped from 180,000 to 163,000, the two minnows, Daihatsu and Suzuki, were allowed to more-than-double sales in Britain, taking them to a level at which a modest dealer network could be sustained.

# HOW GAS HELPED GKN TO ENGINEER A 30% FUEL SAVING.

GKN Shardlow is among the world's largest manufacturers of fully machined diesel crankshafts, supplying automotive companies around the globe. But until complete, this figure is expected to reach 42%.



The case history is so impressive that GKN Shardlow have won the 1980 Gas Energy Management Award for industry. But in fact, the opportunities for such dramatic savings are by no means rare. We can show you many other such case histories where large economies have been made. Because fuel conservation is not only in the nation's interest, it can also be highly profitable.

Perhaps you might take a look at your own use of fuel and ask us for some expert advice on how to save more. Then, in a year or two, your own dramatic savings may well be the subject of our latest award-winning case history.

As a result GKN Shardlow have already achieved a saving of almost 30% overall. But once the conservation work is

**BRITISH GAS**  
DON'T WASTE YOUR ENERGY.

### NOTICE TO HOLDERS OF ITO-YOKADO CO., LTD.

CONVERTIBLE DEBENTURES  
DUE AUGUST 31, 1982

Pursuant to Clause 7(B) of the Company's Trust Deed dated as of 26th March, 1981 relating to the above-mentioned Bonds, notice is hereby given as follows:

1. On February 2, 1982 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1982, Japan time. The conversion price in effect before such adjustment is Yen 1,184 per share of Common Stock and the adjusted conversion price will be Yen 1,054.50 per share of Common Stock.

ITO-YOKADO CO., LTD.  
By: The Bank of Tokyo Trust Company as Trustee  
Dated: February 12, 1982

### NOTICE TO HOLDERS OF ITO-YOKADO CO., LTD.

6% Currency Linked Convertible Bonds  
DUE 1981

Pursuant to Clause 7(B) of the Company's Trust Deed dated as of 26th March, 1981 relating to the above-mentioned Bonds, notice is hereby given as follows:

1. On January 20, 1982 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1982, Japan time. The conversion price in effect before such adjustment is Yen 1,184 per share of Common Stock and the adjusted conversion price will be Yen 1,076.40 per share of Common Stock.

ITO-YOKADO CO., LTD.  
By: The Bank of Tokyo Trust Company as Trustee  
Dated: February 12, 1982

### NOTICE TO HOLDERS OF ITO-YOKADO CO., LTD.

7% CONVERTIBLE BONDS  
DUE 1990

Pursuant to Clause 7(B) of the Company's Trust Deed dated as of 24th July, 1980 relating to the above-mentioned Bonds, notice is hereby given as follows:

1. On February 2, 1982 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1982, Japan time. The conversion price in effect before such adjustment is Yen 1,184 per share of Common Stock and the adjusted conversion price will be Yen 1,054.50 per share of Common Stock.

ITO-YOKADO CO., LTD.  
By: The Bank of Tokyo Trust Company as Trustee  
Dated: February 12, 1982

MINING NEWS

# Christie-Tyler losses mount

# Greycoat Estates ahead

# Robt. Douglas setback but workload improving

# Acquisition of St Joe lifts Fluor profits

AS PREDICTED last October, increased losses have been shown by Christie-Tyler, furniture manufacturer and upholsterer for the six months to October 31 1981. At the pre-tax level, the deficit mounted from £445,000 to £739,000 on turnover 6 per cent higher at £35.55m.

There was no charge for taxation this time, after a previous credit of £231,000 and a deferred tax release of £950,000. In the last comparable period there was also an extraordinary debit of £590,000, which left attributable profits of £146,000.

TAXABLE PROFITS of Greycoat Estates rose from £239,688 to £265,151 for the half year to September 30 1981. Turnover was down at £345,850 against £480,952 previously.

This property investment and development company is not paying an interim dividend but Lord Chelmer, chairman, says it is his intention, given the availability of sufficient distributable profits, to declare a final dividend of 1p per 10p share for the full year to March 31 1982. A single payment of 0.37p was paid last year.

A DROP of £375,000 to £747,000 in pre-tax profits is reported by Robert M. Douglas Holdings for the half-year to September 30 1981. Turnover of this civil engineer, builder and contractor, rose from £52.5m to £53.6m.

Following the one-for-two scrip, the interim dividend is 0.75p against an adjusted 0.74p (adjusted) was paid and the board expects to recommend a total for the current year of 3.5p.

contracts. Robert M. Douglas had hoisted its domestic workload by some 50 per cent by the start of the second half and, although margins remain extremely fine, more worrying is the firm plus provision against local authority work in the Midlands and Wales. But the interim pre-tax shortfall of a third can mostly be pinned on the construction equipment division which, with plant hire, turned down by about £300,000. The losses at specialist contractors, too, have deepened by some £200,000. So there may be loss elimination of perhaps £700,000 but the second half will depend, as ever, on the incidence of contract completions and, equally on any recovery on loss provision not least the £150,000 written against DEE's Egyptian contract. It must be a fair bet that associate income will revive this year but any real improvement in margins still be some way ahead. Perhaps the best that can be said for the shares is that the important construction side has restored a full year's workload and the prospective yield of 6.6 per cent offers some support.

BY GEORGE MELLING-STANLEY

THE ACQUISITION last year of St Joe Minerals boosted profits of America's Fluor Corporation to record levels for the fourth quarter of last year: the first period for which the mining company's results were consolidated.

Fluor returned net profits for the period of \$66m (£36m), up from \$31.5m for the last quarter of 1980. The increase did not work through to the earnings per share level owing to the rise of 30c in the number of Fluor shares in issue as a result of the acquisition. Earnings came out at 84 cents a share, against 65 cents.

For the full year, Fluor made net profits of \$159.24m, an increase of 21 per cent, with earnings up to \$2.83 a share. Fluor's chairman, Robert Fluor, chairman, said that although costs related to the acquisition of St Joe have temporarily moderated Fluor's earnings pattern, the company is stronger as a result.

He said that the takeover cost \$2.2bn and has added \$2.7bn to Fluor's assets, which now stand at \$4.4bn.

In recent years, St Joe has diversified widely, and its major products now include oil and gas, iron ore, and coal. Fluor said this wide spread of products had enabled St Joe to maintain its earnings and outperform the industry last year.

Fluor has also been commissioned to build a pilot plant for the Rio Tinto Zinc group's open-pit copper project at Cerro Colorado in Panama, where the total construction costs are likely to work out at in excess of \$1bn.

However, this project is currently on a care and maintenance basis, awaiting the outcome of talks between RTZ and the Panamanian Government, and Fluor's activity has been reduced accordingly.

Turning to the future, Fluor estimates that this year's output from the rich El Indio mine in Chile will reach 350,000 oz of gold, an 18 per cent increase on 1981. This includes a significant amount of direct shipping ore, which is of high grade and is not processed at the mine site. This ore, which averages about 20 grammes of gold per ton, is now expected to last until 1984 at a production rate of around 2,200 tons a month.

St Joe will be spending some \$33m on exploration this year, with around 50 per cent of this earmarked for the U.S.

comment

Christie-Tyler's interim pre-tax losses, 66 per cent greater than in the comparable period, are due overwhelmingly to the performance of the lower end of the upholstery market. The combination of a high volume, low margin product and sharply falling demand has been disastrous. The company spent £200,000 during the half year on reorganisation, involving the loss of 100 jobs. In January a factory closed with a further 90 redundancies and its South Wales workforce of about 2,900 took a 10 per cent wage cut.

comment

Christie can justifiably blame the weather: in January, the key sales period, it was forced to shut down for two weeks and claims to have suffered to lost value of at least £1m in the price of sales. The rises in the price of wool will not help current trading. Last year the company made firm pre-tax in the second half. This year losses of some £1.5m for the year must be a possibility. The shares lost up to £11.00, barely above a seven-year low, where the market capitalisation is £3.4m.

comment

The construction sector is still performing quite well, witness its continued outperformance against the FT Industrial Group (487) index, but the upturn in UK work does seem to be accompanied by a rise in potential losses on public authority

# Key Properties expands to £216,000

Pre-tax profits of Key City Properties, the Gibraltar-based property development and investment company, improved from £43,000 to £216,000 for the nine months to December 31 1981.

The figures included profits of £207,000 (£60,000) on disposals and were after management expenses of £160,000 (£85,000).

Tax took £4,000 (£1,000) and after convertible loan interest the available balance emerged at £211,000 (£137,000). Gross rentals totalled £188,000 (£137,000), including those of the Isle of Man subsidiary Dudula, and property expenses amounted to £19,000 (£55,000).

The directors say the disposals were of six flats: no further such sales are anticipated for the remainder of the year. They add that with plans for the Spanish frontier gates to open in April the future is viewed with considerable confidence and optimism.

A dividend of 2p was paid in January and no further payments are proposed for the current year. The company's shares are unquoted. Pre-tax profits for the full year to March 31 1981 totalled £77,000.

# Thermal Synd. slides to £0.5m

AFTER TAKING "determined action" during the year to reduce costs—which resulted in redundancies—Thermal Syndicate is now financially strong and has reduced group borrowings from £770,000 in 1980 to £420,000, says Mr J. E. Bywater, the chairman.

He adds that the balance sheet will show that the group is in a very healthy position with access to sufficient funds to finance future expansion.

Meanwhile, the group's figures for the year to October 31 1981 show a substantial fall in pre-tax profits, which are down from £1.4m to £508,628. The final dividend is unchanged at 4p making 7p (same) net on increased capital following the one-for-three rights issue.

Turnover of this manufacturer and fabricator of fused quartz, fused silica and high temperature refractories, was down from £15.04m to £14.06m. Tax for the year was well down at £6,349 (£28,098), leaving net profits of £502,277 compared with £1,189m. Extraordinary items have not been included in the after-tax profit. These resulted in debits of £35,426 (nil).

Stated earnings per 25p share were 7.53p against 21.91p. The chairman says production techniques continue to be improved and new products are being introduced and these actions should enable the group to maintain its position in world markets, and to improve profitability when the economic upturn does come.

On a CCA basis there was a pre-tax loss of £99,000.

# George Dew tops its forecast

TAXABLE profits announced by George Dew reached £3.24m for the year to November 30 1981. This is slightly ahead of the £3.1m forecast in the prospectus last September, which was issued in connection with the acquisition of G. Dew and Co.

The pre-tax figure was reached on turnover of £22,475,000. Interest received came to £19,000 and there were associated profits of £250,000. Tax took £1.99m.

The pre-tax profit for G. Dew and Co. was given as £506,000 on turnover of £3.81m. A final dividend of 3.4p has been declared, which absorbs £272,000. Interest received was £36,000 and associated profits came to £30,000. The charge for taxation was £199,000.

The directors intend applying to the Stock Exchange for capital to be admitted to the Official List towards the end of March 1982.

The group trades as civil engineering contractors and industrial builders.

# Home Video to improve forecast

DEALINGS in the shares of Home Video Holdings, an unquoted distributor of video cassettes, have been suspended pending a revision of the £0.2m profit forecast made last June at the time of a placing of 220,000 shares at 115p per share.

Mr John Woolgar, of Hill Woolgar, the company's brokers, said Home Video's prospects had improved so much that it would be unfair to allow people to sell shares without an awareness of what was happening.

Mr Peter Abbey, managing director of Home Video, said the group had acquired video rights to many more films than expected as well as cinema rights in some cases.

Accountants Peat, Marwick, Mitchell and Co have been requested to carry out an interim audit before issuing the revised profit estimate.

Hill Woolgar makes the market in Home Video shares and the latest price prior to suspension was 300p.

# First finance for Ok Tedi project

AN INITIAL financing agreement of \$150m (£80.5m) for the big Ok Tedi gold-copper mining project in Papua New Guinea was to be signed yesterday, according to the lead manager Citicorp International.

The syndicated facility is for 12 years if used as a term loan under the accord's flexible options, or eight years if used in a revolving format. The interest is on a sliding scale and will start at 4 per cent over London Interbank Offered Rate.

The letters of credit will be secured in the same fashion as the term loan. Financing may be drawn in U.S. dollars, or the equivalent in yen, Deutschmarks, sterling, or any combination of these currencies.

News of further financing for the big project, which could cost some \$1.4bn in all, is expected next week.

Partners in Ok Tedi are: Australia's Broken Hill Proprietary 30 per cent, Amoco Minerals (a unit of Standard Oil of Indiana) 30 per cent, a West German consortium led by Metallgesellschaft 20 per cent and the State of Papua New Guinea with the remaining 20 per cent.

Revenues from the project are expected to provide the PNG Government with a major source of funds for its programme of national development projects.

The site deposit, which is amenable to open-pit mining operations lies in the remote Star Mountain in the centre of New Guinea island, nearly a thousand miles to the north-west of the Rio Tinto Zinc group's Bougainville Island mine and is also in an area where the annual rainfall can go up to 400 inches.

Lake Bougainville, copper grades are high. Ok Tedi, but Ok Tedi has the advantage of a 'gold cap' containing some 34a tonnes of ore grading 2.6 grammes gold per tonne. Mining operations are expected to start on the cap in 1984 and should provide a good initial cash flow.

Copper will also be mined as from about 1985 when, hopefully, copper prices will be considerably higher than they are today. The gold ore is expected to be exhausted in about 1987 when copper mining will be stepped-up.

In all, Ok Tedi is expected to have a working life of some 25-30 years. But it will represent a major technical challenge every bit as great as that taken on at Bougainville.

**NEGIT S.A.**  
10a, Boulevard Royal, Luxembourg.  
**NOTICE TO SHAREHOLDERS**  
**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Negit S.A. will be held at the registered office of the Company in Luxembourg, Boulevard Royal, on Tuesday, 2nd March, 1982, at 11.00 hours for the purpose of considering the following Agenda:

- To amend Article 3 of the Articles of Incorporation by cancelling the sentence "The Corporation may borrow money in any form in the English version and "La Société pourra emprunter sous toutes formes" (in the French version).
- To approve the new investment policy, as outlined in the letter to Shareholders dated 5th February, 1982.
- To ratify the appointment of a new Investment Adviser and the discharge of the former Investment Adviser.
- To ratify the appointment of a new Custodian.
- To receive the resignation of existing Directors and to discharge them in respect of the execution of their mandates.
- To appoint new Directors.

The General Meeting shall be regularly constituted and shall validly deliberate on the first resolution if a quorum of Shareholders representing one half of the share capital is present or represented. The first resolution will be carried by a majority of three quarters of votes of those present or represented.

The other resolutions will be carried by a majority of those present and voting either in person or by proxy, provided however that the first resolution be approved.

The Shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the registered office of the company not later than twenty-four hours before the meeting.

The present notice, together with a letter to Shareholders dated 9th February, 1982, and a form of proxy, has been sent to all registered Shareholders on record at 9th February, 1982.

Forms of proxy and copies of the letter to Shareholders are available on request at the registered office of the company.

By order of the Board of Directors:  
J. PIERSON,  
Secretary.

Luxembourg, 9th February, 1982.

**HIGHGATE OPTICAL/BRACECARD**

The acquisition by Highgate Optical and Industrial of Bracecard was completed on January 27 1982.

The total cash sum paid to the vendors at that date was £377,000. Net assets of Bracecard at November 30 1981 were in excess of that sum.

Save and Prosper Linked Investment Trust—Merchant Navy Officers Pension Fund hold 1.5m City and Foreign Investment — Montague Burton Pensions Trusts has sold 100,000 ordinary shares reducing holding to 130,000 shares (below 5 per cent).

**SHARE STAKES**

Save and Prosper Linked Investment Trust—Merchant Navy Officers Pension Fund hold 1.5m City and Foreign Investment — Montague Burton Pensions Trusts has sold 100,000 ordinary shares reducing holding to 130,000 shares (below 5 per cent).

**THE TRING HALL USM INDEX**

115.8 (+0.2)

Close of business 11/2/82

BASE DATE 10/11/80 100

Tel: 01-688 1591

**SPAIN**

February 11	Price	+ 0.1
Banco Bilbao	340	
Banco Central	382	
Banco Exterior	321	- 2
Banco Hispano	322	- 3
Banco Ind. Cat	115	
Banco Santander	385	
Banco Urquijo	229	- 1
Banco Vizcaya	388	- 3
Banco Zaragoza	228	
Banco Zurbano	228	+ 2
Fecsa	62.5	+ 0.8
Hidro	67	
Iberduero	51	
Pellicoer	62	- 2.5
Petrobar	54	
Sogefia	10	- 1
Teléfono	72	- 0.5
Union Elast.	68	- 0.6

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This advertisement complies with the requirements of the Council of The Stock Exchange.

**U.S. \$25,000,000**

**APS Finance Company N.V.**  
*(Incorporated with limited liability in the Netherlands Antilles)*

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Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

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The following have agreed to subscribe or procure subscribers for the Debentures:

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<b>Banque Nationale de Paris</b>	<b>County Bank Limited</b>	<b>Credit Lyonnais</b>
<b>Deutsche Bank Aktiengesellschaft</b>	<b>Kidder, Peabody International Limited</b>	
<b>Kleinwort, Benson Limited</b>	<b>Kredietbank N.V.</b>	
<b>Svenska Handelsbanken</b>	<b>Swiss Bank Corporation International Limited</b>	
<b>Union Bank of Switzerland (Securities) Limited</b>	<b>Dean Witter Reynolds Overseas Ltd.</b>	

The Debentures, issued at 99 1/2 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest is payable annually in arrears on 15th February, the first payment being made on 15th February, 1983.

Full particulars of the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 26th February, 1982 from the brokers to the issue:

**de Zoets & Bevan,**  
25 Finsbury Circus,  
London EC2M 7EE

12th February, 1982



UK COMPANY NEWS

Mining Supplies incurs £0.68m loss halfway

FOR THE six months to October 31 1981 Mining Supplies plunged into the red, incurring a pre-tax loss of £577,000 compared with a profit of £237m for the same period a year ago. However, Mr A. Soepe, the chairman, points out that the results now included in those of Laurence Scott and its subsidiaries and consequently, there is no direct comparison between the two halves. The Laurence Scott division has continued as a loss-maker but since its acquisition a severe rationalisation programme has been carried out with an encouraging reduction in losses and an improved reduction in bank borrowings. With the very positive steps now taken the directors look forward to an overall improvement in the second half which should give the group a firm base to encourage customer support that has been lost through the recent difficult period. Mr Soepe says the overall performance was a little better than expected, because of the difficulties experienced with the reduced levels of business to certain areas. Turnover of the group, a designer, manufacturer, importer and exporter of modern mining machinery, showed a sharp rise to £29.27m, against £14.09m.

Martin Ford £143,000 cut in profit

THE DIFFICULT trading conditions referred to by Martin Ford at the interim stage continued through the second six months and for the full year to November 25 1981 the company returned pre-tax profits well down at £101,087, compared with £243,880 previously. Rising overheads and a fall in interest received were other factors contributing to the setback in profit. Despite the general uncertainties still prevailing, the directors have declared a final dividend of 0.65p net—the interim payment was passed. Last year a interim of 0.65p was followed by a final, also of 0.65p. Full-year turnover, including VAT, edged ahead from £8.43m to £7.07m—the company is a retailer of ladies' separates and outerwear. Profits at the attributable level emerged at £150,965, against £237,565, after taking account of a tax credit of £84,515 (£83,705) and an extraordinary debit this time of £14,735. Ordinary dividend payments absorb £101,562 (£103,124). The rate of loss to Scott by almost 80 per cent over the past six months. Unfortunately, turnover in Mining Supplies' original business has dropped by around a quarter since last year, under the influence of the NCB moratorium. Trading profits responded with a fall of more than 75 per cent. Thanks to its absorption of Scott, group income gearing for the first half was 540 per cent. Gearing is said to be headed downwards, and the pattern of mining exports should lead to a bigger trading surplus to the second half. But earnings seem likely to be modest. The shares, which touched 180p last year, slipped 3p to 164p.

Dale Electric rises to £301,000 midway

IN LINE with Dale Electric International's predictions of improving prospects, the first half taxable profits to October 25 1981 jumped by almost one half from £208,000 to £301,000. Turnover for the six months rose from £11.2m to £13.21m, while the largest increase was in the outstanding order book which stood at £29m compared with £14m. And despite an increase in stated earnings per 10p share to 2.19p (1.54p) the net interim dividend of this Yorkshire-based electric generating set manufacturer is being maintained at 0.7p. Last year a total of 2.5p was paid from pre-tax profits of £459,000 (£1.31m). Mr Leonard H. Dale, chairman, says: "The improving trend predicted in my last statement is now beginning to show through. The current strong order book has been achieved at the cost of a reduction in margins from the all-time highs of 1978-79. In recent months, however, there has been a steady trend towards improved margins." The performance at Dale Electric, the generating set company, improved during the first half. The three-day week at Houchin, the aerospace ground power manufacturer, affected its turnover and profits, though it is now back on a five-day week. The 1981 overseas acquisitions, in Mexico and France, are both fulfilling expectations says Mr Dale and he looks forward to steady increasing returns from them.

Lowland Drapery improves

ALTHOUGH LOSSES after tax shown at Lowland Drapery are not a satisfactory result, the directors say it is nevertheless a material improvement on both the immediately preceding period and the comparative period. The pre-tax deficit has been reduced from £185,300 in 1981 to £39,800. The directors point out that, as indicated last September, the company's accounting period end has been altered from December 31 1981 to May 31 1982, hence the need for a further set of interim figures for the six months to November 30 1981. The directors hope that steps taken, and being taken, by the new board will result in the improvement being maintained. There is no interim dividend (same) for this wholesale and retail textile warehouseman. The loss per ordinary 25p share was given as 0.85p, an improvement on the previous loss of 5.16p. Turnover was marginally down at £2.37m against £2.48m last year. Pre-tax losses were struck after higher depreciation of £52,000 (£44,500) and lower interest charges of £9,800 (£79,700). There were reduced tax credits this time of £3,300, compared with £45,500.

Christy Bros. advances to £25,000 in first half

IN THE first half to December 31, 1981, mechanical and electrical engineer Christy Brothers made taxable profits of £25,000 compared with losses last time of £54,000—and second half profits of £203,000 in the previous year. Turnover for the six months fell from £2.42m to £1.56m. The interim dividend is again being missed—the last distribution by the company was the interim in 1978-79. Earnings per 25p share are given as 1.2p (2.7p losses). Although the results show some improvement on those of the previous half year, the directors say sales and profits were below anticipated levels. The order intake shows no improvement and therefore it is not possible to foresee with any

Hampson Inds. downturn

TAXABLE PROFITS of Hampson Industries for the half year to September 30 1981, were £177,000 to £169,000. Turnover was down at £7.02m against £8.37m previously. This holding company to the engineering, manufacturing and industrial cleaning industries, is holding the net interim dividend of 0.25p per 5p share. A final of 0.5p was paid last year out of profits of £344,496. Net earnings per share are stated as 0.35p against 0.45p. Mr John Wardle, chairman, points out that he made it clear in the year-end report and at the annual meeting that life continued to be far from easy. "During the six months a number of our companies faced a reduction in demand more severe than at any time in our history and against this background I am by no means

204 parcel price cuts for exporters from the Royal Mail.

Table with 3 columns: Country, Current Price, Previous Price. Includes Afghanistan, Albania, Algeria, etc.

It's not often you read about price cuts these days. And here are 204. We've done what can only be described as a package deal with the airlines and are passing substantial savings on to you. The reductions apply to all air parcel weights over half a kilo, not just the five kilo size used in these examples. For full details of the thousands of reductions, don't leave the coupon on this page, get it up and away.

Table with 3 columns: Country, Current Price, Previous Price. Includes Gabon, Gambia, Gaza & Khan Yunis, etc.

Table with 3 columns: Country, Current Price, Previous Price. Includes Libyan Soc. People's, Arab Jamahiriya, Luxembourg, etc.

Large table with 3 columns: Country, Current Price, Previous Price. Includes Paraguay, Peru, Philippines, Pitcairn Island, Poland, Portugal, etc.

DOUGLAS ROBERT M. DOUGLAS HOLDINGS PLC Civil Engineering and Building Contractors INTERIM STATEMENT 1982. The unaudited results for the half year to 30th September, 1981, are as follows: Turnover, Trading profit before depreciation, Profit before taxation, etc.

And now—a price freeze! On 1st February, postage rates changed. But Royal Mail Air Parcel rates stayed as they were—including all 204 of last July's round of price cuts, as we announced in this advertisement. If you got the price guide then, you'll know what great value it offers—send the coupon now, and see how much money you can save!

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Table listing various international and offshore investment funds with columns for fund name, manager, and performance metrics.

CURRENCIES, MONEY and GOLD

\$ & £ steady

Dollar was little changed in quiet foreign exchange trading, with the high level of Federal funds regarded as a book squaring operation ahead of the long holiday weekend in the U.S. The pound was also steady, trading within a narrow range throughout.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various countries including U.S., Canada, and others.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various countries including U.K., Ireland, and others.

CURRENCY MOVEMENTS

Table detailing currency movements and exchange rates for various international currencies.

OTHER CURRENCIES

Table listing exchange rates for other major currencies such as the Japanese Yen, Australian Dollar, and others.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various European currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates between major currencies like the Pound, Dollar, and Deutsche Mark.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 11)

Table showing FT London interbank fixing rates for 3 and 6 month U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table showing Euro-currency interest rates for various currencies and maturities.

MONEY MARKETS

UK rates steady

London clearing bank base lending rates 14 per cent (since January 25). Interest rates showed little overall change in the London money market yesterday.

GOLD

Slight fall

Gold fell 81 to \$380.381 in the London bullion market yesterday. It opened at \$384.385, the highest level of the day, and fell to a low of \$375.379.

LONDON MONEY RATES

Table showing London money rates for various currencies and maturities.

Advertisement for 'The Banker' magazine, featuring the headline 'Everyone is talking about a Retail Banking Revolution' and 'THE BANKER will be talking about the cost'.

MONEY RATES

Table showing money rates for New York, Germany, and France.

NOTES

Notes section providing additional market commentary and analysis on currency and money markets.

Pemex to raise \$2bn in Euromarkets operation

MEXICO'S State-owned oil company Pemex is to raise \$2bn through a four-year credit in the Euromarkets. The deal is the second major Mexican borrowing...

Greece seeks \$400m credit

GREECE'S new socialist government has made its first approach to the Euromarket, seeking a \$400m eight to 10-year syndicated credit. The loan, which will provide the first measure of international financial confidence in Dr Andreas Papandreu's government...

\$165m Eurobond issue from BASF

THE GERMAN chemical concern BASF is returning to the Eurobond market for the first time in more than 10 years. It is raising \$165m through a six-year warrant issue led by Deutsche Bank.

Oilfield services growth lifts Schlumberger profit

SCHLUMBERGER, the oilfield services and electronics group, has reported a 27 per cent increase in net income to \$1.27bn for 1981, though the fortunes of its various divisions differed.

Continental Group and Allied bid for Supron

ALLIED CORPORATION and Continental Group are to take over Supron Energy Corporation in a \$714m agreed deal. The Dallas-based oil and gas group has been a merger candidate for much of the past year.

Brunswick moves to thwart bid

BRUNSWICK CORPORATION, the medical supplies and recreational products company, is currently facing an unwelcome \$300m bid for 49 per cent of its shares from Whittaker, the Californian industrial and services group.

RCA to strengthen video market presence

RCA, the U.S. conglomerate, yesterday announced moves to improve its position in three of its most important markets. The company said it was cutting the price of its videocassette players in an effort to stimulate demand, which has fallen far short of initial projections.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Table with columns for Country, Issued, Bid, Offer, Day, Week, Yield. Includes sections for U.S. Dollar, Straights, and other international bonds.

First Chicago to sell Beirut unit

By William Hall, Banking Correspondent. FIRST NATIONAL BANK OF Chicago has put its Beirut operation, First National Bank of Beirut (Lebanon), up for sale.

Recession in housing hits Domtar result

By Robert Gibbens in Montreal. THE RECESSION in the North American housing industry was the prime factor in lower earnings at Domtar Inc. the pulp and paper, building materials and chemicals group.

Advertisement for Correios e Telecomunicacoes de Portugal (C.T.T.) featuring a logo of a horse and rider. Text includes 'U.S. \$50,000,000 Multi-Currency Term Loan' and 'The Sumitomo Bank, Limited'.



Manila sets loan limit of \$2.4bn

THE CENTRAL BANK OF THE Philippines has imposed a limit of \$2.4bn on the country's foreign borrowing for this year in a move intended to ease the burden of interest on the balance of payments.

At the same time, foreign borrowing by companies is to be restricted to concerns operating in selected fields, and there are to be restraints on maturities and interest rates.

Singapore investment group ahead

GENERAL SECURITIES INVESTMENTS, a major Singapore closed end investment trust, has reported a 19.5 per cent rise in pre-tax profit to \$93.43m (\$1.62m) for the year ended December 1981.

Trust Bank lifts interim earnings to R15.1m

BY JIM JONES IN JOHANNESBURG

TRUST BANK, South Africa's fifth largest bank, has disclosed an increased after-tax profit of R15.1m (\$15.3m) for the six months ended December 31, 1981.

However, Trust Bank has been granted loans at preferential rates by the South African Reserve Bank, which allow it to weather the problems of poor property performance.

characterised by the rising cost of money, which constrained earnings. The bank said however, that this rise in interest rates had been foreseen and that hire purchase and lending contracts had been written with escalation clauses, which cushioned the impact of rising rates.

Edgars boosts profits by 35%

BY OUR JOHANNESBURG CORRESPONDENT

EDGARS STORES, the South African retail chain which last week was the subject of a thwarted bid from South African Breweries, increased operating profit by 35 per cent to R39.7m (\$40.3m) in the 26 weeks to January 9, 1982.

Edgars, a clothing and soft goods chain, offering credit facilities, and the Jet chain, which operates in a lower market sector, contributed most to the interim profit and turnover advances.

managed by the group increased by three to 416 in the half-year while the trading area was increased by 30,000 square metres to 380,000 sq m. It is intended to add a further 10,000 sq m.

Plans for HK financial futures market due soon

PROPOSALS to establish a financial futures market in Hong Kong should be ready by this summer according to Mr Peter Seales chairman of the Hong Kong Commodity Exchange (HKCE).

implementation of its proposals will have been substantially less than that taken in the UK where a working party for that market was set up in April 1980.

Israeli solar group seeks cash
By L. Daniel in Tel Aviv
LUZ, the Jerusalem-based company which has developed a solar process for generating industrial steam using oil-filled pipes, intends to raise \$3.5m through a private placement in the U.S. and is planning to float a public issue in about a year's time of \$25m to \$35m.

NORTH AMERICAN QUARTERLY RESULTS

Table with multiple columns listing quarterly financial results for various companies including Continental Telephone, Galveston-Houston, MAPCO, Curtiss-Wright, Genuine Parts Company, Mallingckroot, Anchor Hocking, Eaton Corp., Goodyear Canada, Manville Corp., Carlisle Corp., El Lilly, Internorth, El Paso, McGraw-Edison, and Motorola.

Handwritten Arabic text at the top of the Agfa-Gevaert advertisement.

Agfa-Gevaert N.V.

an indirect, wholly owned subsidiary of

Bayer AG

has acquired through a cash tender offer and the purchase of newly issued common stock approximately 69% of the outstanding common stock of

Compugraphic Corporation

The undersigned acted as financial advisor to Agfa-Gevaert N.V. and as Dealer Manager of its tender offer.

The First Boston Corporation Credit Suisse First Boston Limited

February 4, 1982

Nichimen Co., Ltd. (Nichimen Jitsugyo Kabushiki Kaisha)

U.S. \$15,000,000

5 3/4% Convertible Bonds 1997

- List of underwriters: Daiwa Europe Limited, Sanwa Bank (Underwriters) Limited, Al-Mal Group, Credit Lyonnais, Kuwait International Investment Co. s.a.k., Lloyds Bank International Limited, J. Henry Schroder Wagg & Co. Limited, Commerzbank Aktiengesellschaft, Kleinwort, Benson Limited.

\$140,000,000

Caterpillar Financial Services N.V.

Zero Coupon Guaranteed Notes, due February 11, 1994

Unconditionally Guaranteed by Caterpillar Tractor Co.

Offering Price 19.940% and Accrued Amortization of Original Issue Discount (if any) from February 11, 1982

- List of underwriters: Goldman Sachs International Corp., Lehman Brothers Kuhn Loeb International, Inc., Merrill Lynch International & Co., Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Barclays Bank Group, Credit Suisse First Boston Limited, Dresdner Bank Aktiengesellschaft, Rabobank Nederland, Societe Generale de Banque S.A., Union Bank of Switzerland (Securities) Limited, Yamaichi International (Europe) Limited.

\$300,000,000

Caterpillar Financial Services N.V.

Zero Coupon Guaranteed Notes, due August 11, 1992

Unconditionally Guaranteed by Caterpillar Tractor Co.

Offering Price 24% and Accrued Amortization of Original Issue Discount (if any) from February 11, 1982

- List of underwriters: Goldman Sachs International Corp., Lehman Brothers Kuhn Loeb International, Inc., Merrill Lynch International & Co., Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Barclays Bank Group, Credit Suisse First Boston Limited, Dresdner Bank Aktiengesellschaft, Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Societe Generale de Banque S.A., Union Bank of Switzerland (Securities) Limited, Yamaichi International (Europe) Limited.

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for various companies in New York, including ADF Industries, AMF, and others.

Table of stock prices for various companies in New York, including Columbia Gas, Columbia Pict., and others.

Table of stock prices for various companies in New York, including Ot. Atl. Pac. Tea, Ot. Baking, and others.

Table of stock prices for various companies in New York, including MCM, Metromedia, and others.

Table of stock prices for various companies in New York, including Bobbit Draw, SCM, and others.

Easier early Wall St trend

Canada: Markets registered further modest movements at mid-day after a fair trade. The Toronto Composite index edged up 2.4 to 1679.5.

Paris: Stocks generally registered fresh advances in active trading, lifting the Cote des Rendements index 2.1 more to 120.3.

Hong Kong: After starting on a firmer note yesterday in response to the overnight Wall Street rally, the Hong Kong market fell.

Germany: Bourse prices were narrowly mixed amid a lack of market-affecting news. Brokers added that trading levels were very light.

Australia: Shares mostly reverted to an earlier course after opening on a firmer note. The All Ordinaries index ended 2.1 lower at 331.7.

Singapore: There was a further market retreat as investors sold off shares in the morning.

Tokyo: The market was closed yesterday for the National Foundation Day holiday.

NEW YORK

Table of Dow Jones indices for New York, including Industrial, Composite, and Utility indices.

STANDARD AND POORS

Table of Standard and Poors indices for New York, including Industrial, Composite, and Utility indices.

NEW YORK ACTIVE STOCKS

Table of New York active stocks, including Superior Oil, MGIC Inv., and others.

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NEW YORK

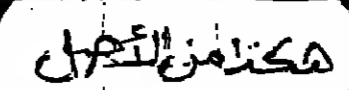
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Table of Standard and Poors indices for New York, including Industrial, Composite, and Utility indices.

NEW YORK ACTIVE STOCKS

Table of New York active stocks, including Superior Oil, MGIC Inv., and others.



Qualified support for plan to cut Malaysia tin output

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN tin industry has given qualified support to the move by Dr Mahathir, the Prime Minister, to cut national tin output by as much as 25 per cent over the next few years.

There is concern among the Chinese gravel pump miners over Dr Mahathir's statement that some small mines will have to merge.

Other base metals have a quiet day. Aluminium prices fell slightly following publication of the latest unsold stocks position by the International Primary Aluminium Institute.

Delay over sugar harvesting

BRIDGETOWN—A dispute over a new wages agreement has delayed the start of the Barbados sugar harvest and caused Mr Tom Adams, the Prime Minister, to say it would be "nothing short of a national calamity" if the crop is not reaped.

Mr Adams' government legislated a wages increase of 10 per cent over the next two years after protracted negotiations between the Sugar Producers Association and the Barbados Workers Union ended in stalemate.

FARMER'S VIEWPOINT New promise after the freeze

I USED to employ one of nature's pessimists. Every time winter was interrupted by a spell of mild and balmy weather he would opine that it was a weather breeder. And that the brief foretaste of spring would be succeeded by something a great deal worse.

The only crops which looked disappointing were those which had been sown by an army of rooks as they were emerging last autumn, and part of one will have to be ploughed up and redried.

At this time of year I supplement the ewe's milk with a compound and although I am saving my best grass for after the ewes have lambed, there is enough growth in the fields in which they are wintering for them to substantially reduce their appetite for hay.

One of the most significant lessons of my journey is the way the plough is taking over the traditional grasslands of the west of England in a way which would be unthinkable a few years ago.

Coffee futures stage recovery

BY OUR COMMODITIES STAFF

COFFEE FUTURES rallied on the London futures market yesterday after opening with heavy losses reflecting an overnight fall-off in New York.

(IBC) said the IBC hoped to present its first formal estimate of the frost-hit 1982-83 coffee harvest by the beginning of March.

year was a preliminary calculation. The revised estimate should be near or slightly above this level, he said.

French claim UK farm subsidy is greater

BY OUR COMMODITIES STAFF

BRITISH farmers are more heavily subsidised than the French, claims an official at the French embassy in London.

Common Market resists export discussion on subsidy policy

BY BRIJ KHINDARIA IN GENEVA

THE COMMON MARKET is struggling to prevent discussion in the General Agreement on Tariffs and Trade (GATT) of U.S. complaints that the Community's agricultural policies unfairly subsidise exports.

The Americans dispute that interpretation of the Tokyo Round accords on agriculture. The official, who came to Geneva directly from Washington, offered to discuss the disputes within its decision-making council and if needed appoint an arbitration panel to determine whether GATT rules are being violated.

Such bilateral consultations are a necessary step before a trade dispute can be formally brought to GATT. If the talks fail, GATT will on request, either side discuss the disputes within its decision-making council and if needed appoint an arbitration panel to determine whether GATT rules are being violated.

John Cherrington

British commodity markets

BASE-METALS

Table with columns for metal type (Copper, Tin, Lead, Zinc, Nickel), unit, and price. Includes sub-sections for Copper, Tin, Lead, Zinc, and Nickel.

Table with columns for metal type (Aluminium, Silver), unit, and price. Includes sub-sections for Aluminium and Silver.

Table with columns for metal type (Gold, Platinum), unit, and price. Includes sub-sections for Gold and Platinum.

Grains

Table with columns for grain type (Wheat, Barley, Oats), unit, and price. Includes sub-sections for Wheat, Barley, and Oats.

Sugar

Table with columns for sugar type (Raw, White), unit, and price. Includes sub-sections for Raw and White sugar.

Cotton

Table with columns for cotton type (Raw, Spun), unit, and price. Includes sub-sections for Raw and Spun cotton.

Potatoes

Table with columns for potato type (Seed, Eating), unit, and price. Includes sub-sections for Seed and Eating potatoes.

Meat/Vegetables

Table with columns for meat/vegetable type (Beef, Pork, Lamb, etc.), unit, and price. Includes sub-sections for Beef, Pork, Lamb, etc.

Base Lending Rates

Table listing various banks and their lending rates for different terms and currencies.

Table listing various banks and their deposit rates for different terms and currencies.

Table listing various banks and their swap rates for different terms and currencies.

Cocoa

Table with columns for cocoa type (Raw, Bitter), unit, and price.

Rubber

Table with columns for rubber type (Latex, Sheet), unit, and price.

Coffee

Table with columns for coffee type (Arabica, Robusta), unit, and price.

Gas Oil Futures

Table with columns for gas oil type (Heating Oil, Diesel), unit, and price.

Wool Futures

Table with columns for wool type (Wool, Hides), unit, and price.

European Markets

Table listing various European markets and their current prices.

Indices

Table listing various financial indices and their current values.

Reuters

Table listing various Reuters news items and their details.

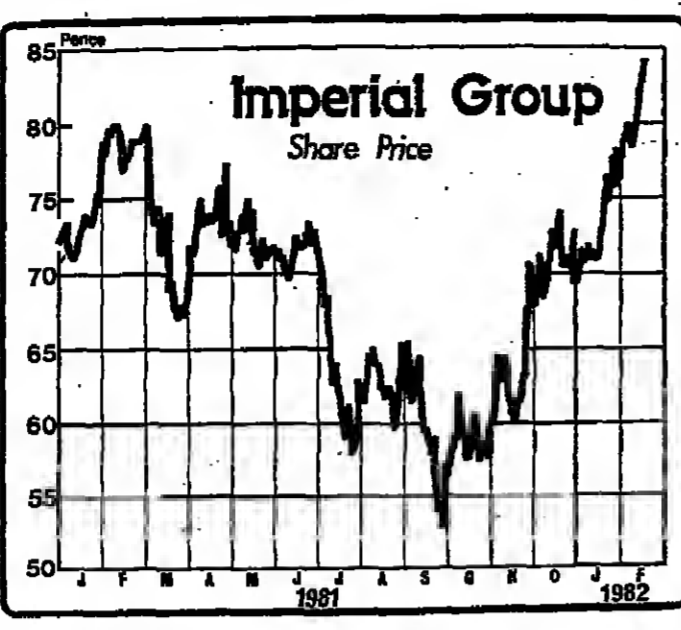
Dow Jones

Table listing various Dow Jones indices and their current values.

LONDON STOCK EXCHANGE

Longer-dated Government stocks surge £1 1/2 higher and authorities sell short tap, but equities lag behind

Account Dealing Dates
Optim
First Declared Last Account
Dealings (thous) Dealings Day
Jan 25 Feb 11 Feb 12 Feb 22
Feb 15 Feb 25 Feb 26 Mar 8
Mar 1 Mar 11 Mar 12 Mar 22



Encouraged by the Federal Reserve Board's willingness to tolerate slightly higher money supply growth than originally planned, domestic investors yesterday set their sights on Government stocks. Investment support was sufficient to enable the authorities to sell supplies of the short tap stock, £20-paid Exchequer 1 1/2 per cent 1987 A, which made its debut on Wednesday at 20 and remain a seller at that level.

widened a few firm features, generally among secondary issues. Thermal Syndicate stood out with a jump of 10 to 97p in response to the better-than-expected preliminary results, while British Aerospace gained 4 to 195p on the announcement that the Government is about to award the company the long-awaited Sea Eagle contract.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Industrial, Gold Mines, Div. Yield, Earnings, P/E Ratio, Total Bargains, Equity Turnover, Equity Bargains. Values for Feb 11, Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, A year ago.

Basic 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/56. SE Activity 1974. 11 am 575.5. 10 am 575.5. 11 am 575.0. 10 am 575.2. Latest Index 01-296 8026. \*M=12.28.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for High, Low, Since Completion, and S.E. Activity (Daily Edged, Bargains, Value). Rows include Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

Home Charm better

Standing a shade firmer at the outset, leading Stores failed to attract follow-through support and finished with modest falls. In contrast, Newsagents came in for renewed demand and closed at the day's high.

Thermal Syndicate up

Hotels and Caterers featured Ladhrope which rose 9 to 150p on renewed investment demand. Elsewhere, Norfolk Capital advanced 2 to 33p on disappointment with the preliminary results.

Standing a shade easier immediately in front of the announcement, Imperial rallied sharply following the better-than-expected preliminary profits and maintained dividend and touched 85p before settling for a net gain of 4 1/2 at 84p. Other Tobaccos firmed in sympathy.

Quiet mines

In a quiet mining market, South African Golds were initially marked down and thereafter drifted lower on lack of interest reflecting the 8 1/2 decline in the bullion price to \$380.5 an ounce.

Oil steady

Leading Oils rarely strayed far from overnight closing levels, with Shell and Esso fluctuating narrowly before settling without alteration at 286p and Shell finishing 4 cheaper at 370p.

NEW HIGHS AND LOWS FOR 1981/2

Table listing new highs and lows for various stocks in 1981/2, including British Petroleum, Esso, Shell, and others.

RECENT ISSUES

Table of recent issues with columns for Issue Price, Amount, Date, and Stock details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Price, Amount, Date, and Stock details.

RIGHTS OFFERS

Table of rights offers with columns for Issue Price, Amount, Date, and Stock details.

ACTIVE STOCKS

Table of active stocks with columns for Stock, Day's Change, and Closing Price.

WEDNESDAY'S ACTIVE STOCKS

Table of Wednesday's active stocks with columns for Stock, No. of Shares, Price, and Change.

OPTIONS

Table of options with columns for Deal, Last, and Settlement details.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 10, 1982. The exchange rates listed are based on the Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Large table showing world value of the dollar with columns for Country, Currency, and Value of Dollar. Includes entries for Afghanistan, Albania, Algeria, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

EQUITY GROUPS & SUB-SECTIONS

Table of equity groups and sub-sections with columns for Index No., Div. Yield, and Share Price.

FIXED INTEREST

Table of fixed interest with columns for Price, Div. Yield, and Share Price.

RISES AND FALLS YESTERDAY

Table showing rises and falls yesterday with columns for Rise/Fall and Share Price.

BRITISH GOVERNMENT

Table of British Government with columns for Term, Yield, and Price.

5-15 YEARS

Table of 5-15 years with columns for Term, Yield, and Price.

OVER 15 YEARS

Table of over 15 years with columns for Term, Yield, and Price.

INDEBTEDNESS

Table of indebtedness with columns for Term, Yield, and Price.

ALL STOCKS

Table of all stocks with columns for Term, Yield, and Price.

FINANCIAL

Table of financial with columns for Term, Yield, and Price.

PROPERTY

Table of property with columns for Term, Yield, and Price.

OTHER

Table of other with columns for Term, Yield, and Price.

TOTALS

Table of totals with columns for Term, Yield, and Price.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Aberdeen Unit Trust, Anglo-Scottish Unit Trust, and others, including their names, managers, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for Name, Manager, and other details. Includes sections for 'Savings and Prudential Group - Cont.', 'Scottish Amicable Inv. Mgrs. Ltd.', and 'Scottish Widows'.

Table listing various insurance and financial services, including 'Savings and Prudential Group - Cont.', 'Scottish Amicable Inv. Mgrs. Ltd.', and 'Scottish Widows'.

NOTES: This is a price index otherwise indicated. Prices are in pence unless otherwise indicated.

INSURANCE PROPERTY BONDS: Table listing insurance and property bond services, including 'Abney Life Assurance Co. Ltd.', 'Abney Life Assurance Co. Ltd.', and 'Abney Life Assurance Co. Ltd.'.

Additional notes and information at the bottom right of the page.

Play-Tyas

Real Estate & Construction
We cover the country
London Leeds Birmingham
021-454 9881

BRITISH FUNDS

Shorts (Lives up to Five Years)

Table of British Funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, and Yield.

Undated

Table of British Funds (Undated) with columns for Name, Price, and Yield.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans.

FT SHARE INFORMATION SERVICE

LOANS

Table of Loans including Public Board and Financial.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails.

AMERICANS

Table of American Stocks.

CANADIANS

Table of Canadian Stocks.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase.

HIRE PURCHASE, ETC.

Table of Hire Purchase, etc.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics.

DRAPERY AND STORES

Table of Drapery and Stores.

ELECTRICALS

Table of Electricals.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools.

FOOD, GROCERIES—Cont.

Table of Food and Groceries.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) Stocks.

FOOD, GROCERIES—Cont.

Table of Food and Groceries (continued).

HOTELS AND CATERERS

Table of Hotels and Caterers.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) Stocks (continued).

Corporate Currency Risk by J.A. Donaldson

CORPORATE CURRENCY RISK is an authoritative manual on foreign exchange management. Written specifically for the corporate treasurer and finance manager this report will help you in seven ways.

ORDER FORM: Please return to: Marketing Department, The Financial Times Business Information Ltd., Bracken House, 10 Cannon Street, London EC4P 4BY. Includes fields for Name, Position, Address, and Signature.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc.

هكمن التويل

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various manufacturing firms with their respective share prices and changes.

LEISURE

Table of leisure and entertainment stocks such as British Sky Television, Rank Leisure, and other media-related companies.

PROPERTY—Continued

Table of property and real estate investment trusts including British Land, Prudential, and other real estate-focused firms.

INVESTMENT TRUSTS—Cont.

Table of various investment trusts offering diversified portfolios, such as British Investment Trusts and others.

OIL AND GAS—Continued

Table of oil and gas industry stocks including British Petroleum, Shell, and other energy companies.

DAIWA BANK logo and contact information, including 'a fully integrated banking service' and 'Head Office: Osaka, Japan'.

MINES—Continued

Table of mining stocks categorized by region: Central African, Australian, and Tin, listing companies like Anglo-American and others.

TEAS

Table of tea stocks including India and Bangladesh, Sri Lanka, and others.

MINES

Table of mining stocks categorized by region: Central Rand, Eastern Rand, and Far West Rand.

REGIONAL MARKETS

Table of regional market data for various countries and regions, including Australia, New Zealand, and others.

OPTIONS

Table of options data for 3-month call rates, listing various financial instruments.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks, including Anglo-American and other precious metal companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including companies like Rover, Jaguar, and others.

SHIPPING

Table of shipping stocks, including companies like British Overseas Airways and others.

SHOES AND LEATHER

Table of shoes and leather goods stocks, including companies like Debenhams and others.

SOUTH AFRICANS

Table of South African stocks, including various mining and industrial companies.

TEXTILES

Table of textile stocks, including companies like J. & F. S. and others.

TOBACCO

Table of tobacco stocks, including companies like British American Tobacco and others.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks, including companies like Leyland and others.

GARAGES AND DISTRIBUTORS

Table of garage and distributor stocks, including companies like Halfords and others.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks, including companies like News International and others.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks, including companies like Newsprint and others.

PROPERTY

Table of property stocks, including companies like British Land and others.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land investment trusts, including various financial services firms.

INSURANCE

Table of insurance stocks, including companies like Prudential and others.

OVERSEAS TRADERS

Table of overseas trader stocks, including companies like Anglo-Siam and others.

RUBBERS AND SISALS

Table of rubber and sisal stocks, including companies like Guthrie & Co. and others.

FINANCE, LAND, ETC.

Table of finance, land, and other investment trusts, including various financial services firms.

OIL AND GAS

Table of oil and gas stocks, including companies like British Petroleum and others.

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Table of diamond and platinum stocks, including Anglo-American and other precious metal companies.

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Vent-Axia

The first name in unit ventilation... look for the name on the product.

NUR LEADER URGES MINERS NOT TO INTERVENE

Inquiry unlikely to end rail dispute

BY PHILIP BASSETT AND JOHN LLOYD

PROSPECTS of the rail inquiry providing an acceptable solution to the British Rail pay and productivity dispute seemed slim yesterday as the committee chaired by Lord MacCarthy finished taking evidence and began deliberations on its findings.

Further positive action your union can give. Mr Joe Gormley, NUM president, has called for a meeting of the three rail unions including the white collar rail union TSSA—for next Monday.

Way cleared for state takeover in France

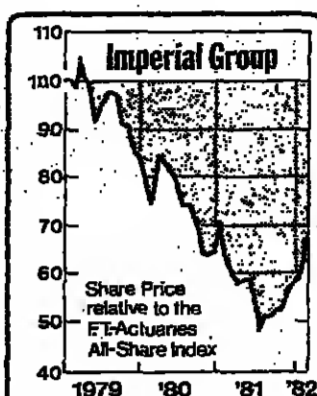
By David White in Paris

A LARGE slice of France's industrial and banking sectors will be taken under state control at the weekend following the Constitutional Council's rejection yesterday of a second Opposition appeal against the Government's Nationalisation Bill.

THE LEX COLUMN

Imperial rolls up its sleeves

Index fell 1.7 to 572.0



Imperial Group's share price has been signalling a much needed change of direction since last summer and yesterday's preliminary figures fulfilled best hopes.

So, in spite of a fairly flat demand picture all round, the company should recoup the first-half shortfall in the current six months and produce a pre-tax outcome in the region of 1c year's £36.2m.

Lonrho

Lonrho's figures for the year to last September, rather overshadowed yesterday by the group's excursion into airline finance, show a solid performance at the pre-tax level.

Dowry

One of Dowry's most pressing problems in recent years has been a shortage of manufacturing capacity to meet booming aerospace demand.

Amerisham Ind.

Despite the obvious high-technology glamour of Amerisham International, the Government's advisers have not quite dared to pitch the prospective fully-taxed

Law Lords support union in blacking case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THERE WERE strong grounds for the belief that the blacking of a television series by the television technicians union was legitimate industrial action, the House of Lords decided yesterday.

The injunction ordered the union to stop its members at Thames Television blacking a £300,000 musical series about pop stars, produced by Hadmor a facility company, which makes programmes for television stations.

Nott will urge Trident D5 purchase

By Bridget Bloom, Defence Correspondent

MR JOHN NOTT, the Defence Secretary, will recommend to the Cabinet that the new larger and more expensive Trident D5 missile should be Britain's next-generation nuclear deterrent.

Abolition of all metropolitan counties to be studied

BY ROBIN PAULEY

A PAPER detailing how all the metropolitan counties in England could be abolished before the next general election is being prepared for the Cabinet as a matter of priority.

Between Thames and the union about prior consultation before Thames would use programmes from facility companies. ACTT claimed that Thames had broken that agreement in relation to the Hadmor series.

Continued from Page 1

Laker

Sir Freddie and Mr Rowland met Mr Iain Spratt, Parliamentary Under-Secretary for Trade on Wednesday evening to describe their plans for the new airline. Mr Rowland said last night: "I think the Government will be extremely helpful on the licences. Mr Spratt was very helpful when we met."

Imperial shows improvement

BY RICHARD LAMBERT, FINANCIAL EDITOR

IMPERIAL GROUP, the leading tobacco, brewing and food manufacturer, disclosed better than expected results yesterday for 1981, and outlined a wide-ranging reorganisation of its business activities.

For extraordinary losses last year totalled £38.8m, and the £7.5m in 1980, has been cut by £6.8m.

Continued from Page 1

Attack on U.S. budget

In question time exchanges in the Commons, Sir Geoffrey Kent took a similar line. He said European nations had made their concerns plain to the U.S. authorities. He promised to consider the possibility of making representations on the issue to Congressional leaders.

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S. Africa

50 per cent of the republic's exports. Mr Horwood said the deterioration in the balance of payments appeared to be slowing. Imports had declined.

Weather

UK TODAY SUNNY intervals, some mist or fog, rain spreading from north and west.

Wales, W. England, S.W. Scotland Outbreaks of rain. Some gales. Max. 11C (52F).

Table with 3 columns: Location, Y'day, Y'day m'day. Lists weather for various cities like Accrington, Alford, Alton, etc.

Outlook: Unsettled, night frost. WORLDWIDE Y'day m'day Y'day m'day

Advertisement for NEFAF-3500 facsimile machine. Includes headline 'THE FACTS OF NEFAF', an image of the machine, and detailed text about its features and benefits.

Handwritten signature or mark at the bottom of the page.